

TAYLOR GARY J
Form 4
October 17, 2011

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
TAYLOR GARY J

(Last) (First) (Middle)

**C/O ENTERGY CORPORATION
LEGAL DEPT., 639 LOYOLA
AVENUE**

(Street)

NEW ORLEANS, LA 70113

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
ENTERGY CORP /DE/ [ETR]

3. Date of Earliest Transaction
(Month/Day/Year)
10/14/2011

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)

Group President, Utility Op

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/14/2011		M		3,750	A	\$ 41.69
Common Stock	10/14/2011		S ⁽¹⁾		3,750	D	\$ 66.6
Common Stock							1,508

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form**

SEC 1474
(9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 41.69	10/14/2011		M	3,750	(3) 02/11/2012	Common Stock	3,750

Reporting Owners

Reporting Owner Name / Address	Relationships
TAYLOR GARY J C/O ENTERGY CORPORATION LEGAL DEPT. 639 LOYOLA AVENUE NEW ORLEANS, LA 70113	Director 10% Owner Officer Group President, Utility Op

Signatures

/s/ Daniel T. Falstad by power of attorney
10/17/2011
**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on February 24, 2011.
- (2) Includes 112 shares acquired pursuant to a dividend reinvestment feature of the Entergy Corporation 2011 Equity Ownership Plan.
- (3) The options vested in three equal installments on February 11, 2003, 2004 and 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. IGN="bottom"> (5,148) (2,574) 0

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Receipts from settlement of interest rate swap

274 266 0

Proceeds from sale of short-term investment

300 0 0

Acquisition of business (net of cash acquired of \$1.8 million in 2010)

0 (41,300) 0

Deposits for interest rate lock agreement

0 0 (5,000)

Return of deposits for interest rate lock agreement

0 0 15,500

Purchase of short-term investment

0 0 (300)

Foundry Park I deferred leasing costs

0 0 (1,500)

Cash provided from (used in) investing activities

(70,956) (87,906) (95,703)

Explanation of Responses:

Cash flows from financing activities

Net borrowings (repayments) under revolving credit agreement

18,000 4,000 (41,900)

Repayment on Foundry Park I mortgage loan

(2,731) (2,125) 0

Net borrowings under lines of credit

6,529 1,494 0

Repayment of Foundry Park I construction loan

0 (99,102) 0

Draws on Foundry Park I construction loan

0 0 55,603

Borrowing under Foundry Park I mortgage loan

0 68,400 0

Repurchases of common stock

(98,093) (121,517) 0

Dividends paid

(32,588) (22,608) (16,347)

Debt issuance costs

(3,233) (3,992) (465)

Proceeds from exercise of stock options

70 91 40

Excess tax benefits from stock-based payment arrangements

Explanation of Responses:

1,102 711 0

Payments on the capital lease

(144) (835) (784)

Payment for financed intangible asset

0 (1,000) (1,000)

Cash provided from (used in) financing activities

(111,088) (176,483) (4,853)

Effect of foreign exchange on cash and cash equivalents

Explanation of Responses:

(1,376) (2,297) 4,951

Increase (decrease) in cash and cash equivalents

1,178 (102,639) 130,070

Cash and cash equivalents at end of year

\$50,370 \$49,192 \$151,831

See accompanying Notes to Consolidated Financial Statements.

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Notes to Consolidated Financial Statements

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

1. Summary of Significant Accounting Policies

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

NewMarket is the parent company of two operating companies, each managing its own assets and liabilities. Those companies are Afton, which focuses on petroleum additive products, and Ethyl, representing certain manufacturing operations and the TEL business. NewMarket is also the parent company of NewMarket Development, which manages the property and improvements that we own in Richmond, Virginia, and NewMarket Services, which provides various administrative services to NewMarket, Afton, Ethyl, and NewMarket Development.

Certain reclassifications have been made to the accompanying consolidated financial statements and the related notes to conform to the current presentation.

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

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

We recognize rental revenue on a straight-line basis over the lease term. The cumulative difference between lease revenue recognized under this method and the contractual lease payment terms is recorded in Other assets and deferred charges on our Consolidated Balance Sheets.

Cash and Cash Equivalents Our cash equivalents generally consist of government obligations and commercial paper with original maturities of 90 days or less. Throughout the year, we have cash balances in excess of federally insured amounts on deposit with various financial institutions. We state cash and cash equivalents at cost, which approximates fair value.

At both December 31, 2011 and December 31, 2010, we had a book overdraft for some of our disbursement cash accounts. A book overdraft represents disbursements that have not cleared the bank accounts at the end of the reporting period. We transfer cash on an as-needed basis to fund these items as the items clear the bank in subsequent periods.

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

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

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Notes to Consolidated Financial Statements

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

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

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

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

Intangibles (Net of Amortization) and Goodwill Identifiable intangibles include the cost of acquired contracts, formulas and technology, trademarks and trade names, and customer bases. We assign a value to identifiable intangibles based on independent appraisals and internal estimates at the time of acquisition. NewMarket amortizes the cost of the customer bases by an accelerated method and the cost of the remaining identifiable intangibles by the straight-line method over the estimated economic life of the intangible.

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

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

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

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

Accrued environmental remediation and monitoring costs relate to an existing condition caused by past operations. NewMarket accrues these costs in current operations within cost of goods sold in the Consolidated Statements of Income when it is probable that we have incurred a liability and the amount can be reasonably estimated. These estimates are based on an assessment of the site, available clean-up methods, and prior experience in handling remediation.

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Notes to Consolidated Financial Statements

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

When we can reliably determine the amount and timing of future cash flows, we discount these liabilities, incorporating an inflation factor.

Legal Costs We expense legal costs in the period incurred.

Employee Savings Plan Most of our full-time salaried and hourly employees may participate in defined contribution savings plans. Employees who are covered by collective bargaining agreements may also participate in a savings plan according to the terms of their bargaining agreements. Employees, as well as NewMarket, contribute to the plans. We made contributions of \$4 million in 2011, as well as 2010, and \$3 million in 2009 related to these plans.

Research, Development, and Testing Expenses NewMarket expenses all research, development, and testing costs as incurred. Of the total research, development, and testing expenses, those related to new products and processes were \$51 million in 2011, \$45 million in 2010, and \$46 million in 2009.

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

We generally provide for additional U.S. taxes that would be incurred when a foreign subsidiary returns its earnings in cash to the United States. Undistributed earnings of certain foreign subsidiaries for which U.S. taxes have not been provided totaled approximately \$177 million at December 31, 2011, \$138 million at December 31, 2010, and \$92 million at December 31, 2009. Deferred income taxes have not been provided on these earnings since we expect them to be indefinitely reinvested abroad. Accordingly, no provision has been made for taxes that may be payable on the remittance of these earnings at December 31, 2011 or December 31, 2010. The determination of the amount of such unrecognized deferred tax liability is not practicable.

Derivative Financial Instruments and Hedging Activities We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may enter into derivative contracts that are intended to economically hedge certain of our risks, even though hedge accounting does not apply or we elect not to apply hedge accounting. We do not enter into derivative instruments for speculative purposes.

Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation.

Additional information on our derivatives and hedging activities is in Note 16.

Stock-Based Compensation When we issue stock options, we use an option-pricing model similar to Black-Scholes to estimate the fair value of options and recognize the related costs in the financial statements. See Note 15 for further information on our stock-based compensation plan.

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Notes to Consolidated Financial Statements

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

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

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

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

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

reliance on a small number of significant customers;

customers concentrated in the fuel and lubricant industries;

production of several of our products solely at one facility; and

cash balances in excess of federally insured amounts on deposit with various financial institutions.

2. Acquisition of Business

On March 5, 2010, Afton Chemical Corporation completed the acquisition of 100% of Polartech for \$43.1 million in cash. Polartech is a global company specializing in the supply of metalworking additives. The acquisition agreement included all physical assets of the Polartech business including the headquarters, research and development, and manufacturing facilities in the United Kingdom, as well as manufacturing sites in India, China, and the United States.

We performed a valuation of the assets acquired to determine the purchase price allocation. This valuation resulted in the recognition of \$6 million of identifiable intangibles, including formulas and technology, customer base, and trademarks/trade names. We also acquired property, plant, and equipment of \$28.4 million, as well as working capital.

As part of the acquisition, we recorded \$4.2 million of goodwill. The goodwill resulted from the cost of assets acquired exceeding the valuation of the assets and liabilities. All of the goodwill recognized is part of the petroleum additives segment, and none is deductible for tax purposes.

Pro forma consolidated results of operations for the years ended December 31, 2010 and December 31, 2009, assuming the acquisition had occurred on January 1, 2010 or January 1, 2009, would not be materially different from the actual results reported for NewMarket for the years ended December 31, 2010 and December 31, 2009.

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Basic and diluted earnings per share are calculated as follows:

	Years Ended December 31		
	2011	2010	2009
Basic earnings per share			
Numerator:			
Net income	\$ 206,907	\$ 177,125	\$ 162,283
Denominator:			
Weighted-average number of shares of common stock outstanding	13,707	14,619	15,206
Basic earnings per share	\$ 15.10	\$ 12.12	\$ 10.67
Diluted earnings per share			
Numerator:			
Net income	\$ 206,907	\$ 177,125	\$ 162,283
Denominator:			
Weighted-average number of shares of common stock outstanding	13,707	14,619	15,206
Shares issuable upon exercise of stock options	5	31	37
Total shares	13,712	14,650	15,243
Diluted earnings per share	\$ 15.09	\$ 12.09	\$ 10.65

Options are not included in the computation of diluted earnings per share when the option exercise price exceeds the average market price of the underlying common share, as the impact on earnings per share would be anti-dilutive. We had no anti-dilutive options that were excluded from the calculation of earnings per share for any period presented.

4. Supplemental Cash Flow Information

	Years Ended December 31		
	2011	2010	2009
Cash paid during the year for			
Interest and financing expenses (net of capitalization)	\$ 17,329	\$ 15,884	\$ 12,456
Income taxes	\$ 96,919	\$ 59,949	\$ 94,093

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***5. Trade and Other Accounts Receivable, Net**

	December 31	
	2011	2010
Trade receivables	\$ 254,959	\$ 234,233
Income tax receivables	5,755	15,146
Other tax receivables	5,060	4,928
Innospec Inc. settlement receivable	5,015	0
Other	8,059	4,174
Allowance for doubtful accounts	(516)	(733)
	\$ 278,332	\$ 257,748

Bad debt write-offs totaled \$628 thousand in 2011 and \$0 in 2010 and 2009. The allowance for doubtful accounts amounted to \$1.2 million at December 31, 2009. The change in the allowance for doubtful accounts between 2009 and 2010 primarily reflected our evaluation of certain higher risk customer receivables, all of which were current at December 31, 2010, as well as allowances for disputed invoiced prices and quantities. The change in the allowance for doubtful accounts between 2010 and 2011 reflects our evaluation of certain higher risk customer receivables (all of which were current at December 31, 2011), bad debt write-offs, and allowances for disputed invoiced prices and quantities.

6. Inventories

	December 31	
	2011	2010
Finished goods and work-in-process	\$ 249,826	\$ 215,764
Raw materials	50,037	50,853
Stores, supplies, and other	6,922	6,598
	\$ 306,785	\$ 273,215

The reserve for obsolete and slow moving inventory amounted to \$2 million at December 31, 2011 and \$3 million at December 31, 2010. These amounts are included in the table above.

Our foreign inventories amounted to \$203 million at year-end 2011 and \$178 million at year-end 2010.

Our U.S. inventories, which are stated on the LIFO basis, amounted to \$98 million at year-end 2011, which was below replacement cost by approximately \$65 million. At year-end 2010, LIFO basis inventories were \$83 million, which was approximately \$49 million below replacement cost.

During 2011, the TEL and raw material petroleum additives inventory quantities were reduced resulting in a liquidation of LIFO layers. The effect of these liquidations increased net income \$300 thousand with \$200 thousand from petroleum additives and \$100 thousand from TEL. During 2010, the TEL inventory quantities were reduced resulting in a liquidation of LIFO layers. The effect of this liquidation increased net income by \$200 thousand in 2010.

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***7. Prepaid Expenses and Other Current Assets**

	December 31	
	2011	2010
Income taxes on intercompany profit	\$ 17,998	\$ 5,673
Dividend funding	8,529	5,304
Marketable securities Innospec Inc. settlement	5,208	0
Insurance	2,661	2,380
Other	2,587	2,087
	\$ 36,983	\$ 15,444

8. Property, Plant, and Equipment, At Cost

	December 31	
	2011	2010
Land	\$ 42,771	\$ 39,302
Land improvements	31,112	31,366
Leasehold improvements	1,333	1,278
Buildings	186,960	174,328
Machinery and equipment	748,051	712,829
Construction in progress	24,245	29,077
	\$ 1,034,472	\$ 988,180

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

Land improvements	5 - 30 years
Buildings	10 - 50 years
Machinery and equipment	3 - 15 years

At both December 31, 2011 and December 31, 2010, assets held for lease and included in the table above, include \$3 million of land, \$2 million of land improvements, \$66 million of buildings, and \$38 million of machinery and equipment. Accumulated depreciation on these assets was \$8 million at December 31, 2011 and \$4 million at December 31, 2010. All of these assets represent the assets of Foundry Park I.

Interest capitalized was \$500 thousand in 2011, \$400 thousand in 2010, and \$2.0 million in 2009. Of the total amount capitalized in 2009, \$1.5 million related to the construction of the office building by Foundry Park I. Capitalized interest is amortized generally over the same lives as the asset to which it relates. Depreciation expense was \$33 million in 2011, \$29 million in 2010, and \$23 million in 2009. Amortization of capitalized interest, which is included in depreciation expense, was \$300 thousand in 2011, as well as 2010, and \$200 thousand in 2009.

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***9. Other Assets and Deferred Charges**

	December 31	
	2011	2010
Interest rate swap deposits	\$ 36,041	\$ 23,175
Innospec Inc. settlement receivable	10,030	0
Deferred financing costs, net of amortization	6,795	6,165
Asbestos insurance receivables	6,345	8,489
Foundry Park I deferred leasing costs	4,597	4,997
Other	9,811	6,067
	\$ 73,619	\$ 48,893

We incurred \$3 million of additional financing fees in 2011 primarily related to the consents we obtained from the senior note holders related to the change in the formula for calculating the capacity to make restricted payments under the senior notes. We immediately expensed \$1 million of the additional financing fees and deferred the remaining \$2 million, recognizing amortization expense of \$1 million during 2011. The accumulated amortization on the deferred financing costs relating to our 7.125% senior notes, mortgage loan, and current senior credit facility was \$3 million at December 31, 2011 and \$2 million at December 31, 2010. See Note 12 for further information on our long-term debt and Note 16 for further information on interest rate swaps.

10. Intangibles (Net of Amortization) and Goodwill

	December 31			
	2011		2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets				
Formulas and technology	\$ 91,552	\$ 69,387	\$ 91,487	\$ 64,013
Contracts	16,380	12,139	16,380	9,650
Customer bases	7,050	1,855	7,040	1,276
Trademarks and trade names	1,609	295	1,600	133
Goodwill	5,132		5,091	
	\$ 121,723	\$ 83,676	\$ 121,598	\$ 75,072
Aggregate amortization expense		\$ 8,604		\$ 8,767

The goodwill in both 2011 and 2010 relates to the 2010 purchase by Afton of Polartech, as well as the 2008 acquisition by Afton of the North American Fuel Additives Business from GE Water and Process Technologies. The Polartech acquisition resulted in goodwill of \$4.2 million, while the GE Water and Process Technologies acquisition resulted in goodwill of approximately \$900 thousand. The change in the goodwill amount between 2010 and 2011 is due to foreign currency fluctuations.

The fair value of intangible assets is estimated at the time of acquisition based upon management's assessment, as well as independent third-party appraisals in some cases. All of the intangibles relate to the petroleum additives segment. There is no accumulated goodwill impairment.

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

2012	\$ 7,421
2013	\$ 7,108
2014	\$ 6,163
2015	\$ 5,790
2016	\$ 1,936

Generally, we amortize the cost of the customer base intangibles by an accelerated method and the cost of the remaining intangible assets by the straight-line method over their estimated economic lives. We generally amortize contracts over 1.5 to 10 years and formulas and technology over 5 to 20 years. Trademarks and trade names are amortized over 10 years.

11. Accrued Expenses

	December 31	
	2011	2010
Employee benefits, payroll, and related taxes	\$ 26,255	\$ 25,214
Customer rebates	21,414	16,160
Environmental remediation	3,281	2,823
Interest rate swap	2,366	2,395
Environmental dismantling	283	0
Other	24,947	24,966
	\$ 78,546	\$ 71,558

Environmental remediation and environmental dismantling includes asset retirement obligations recorded at a discount.

12. Long-Term Debt

	December 31	
	2011	2010
Senior notes 7.125% due 2016	\$ 150,000	\$ 150,000
Foundry Park I mortgage loan due 2015	63,544	66,275
Revolving credit agreement	22,000	4,000
Lines of credit	8,023	1,494
Capital lease obligations	0	144
	243,567	221,913
Current maturities of long-term debt	(10,966)	(4,369)
	\$ 232,601	\$ 217,544

Senior Notes The 7.125% senior notes are our senior unsecured obligations and are jointly and severally guaranteed on an unsecured basis by all existing and future domestic restricted subsidiaries wholly-owned by NewMarket. The 7.125% senior notes are due in 2016. We incurred financing costs of approximately \$3 million in 2006 related to the 7.125% senior notes, which are being amortized over the term of the agreement. We incurred additional financing costs of approximately \$3 million in 2011 for the consents we obtained from the

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Notes to Consolidated Financial Statements

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

senior note holders related to the change in the formula for calculating the capacity to make restricted payments under the senior notes. Of the \$3 million incurred in 2011, \$1 million was expensed immediately, with the remaining fees being amortized over the remaining term of the agreement.

The 7.125% senior notes and the subsidiary guarantees rank:

effectively junior to all of our and the guarantors' existing and future secured indebtedness, including any borrowings under the senior credit facility described below;

equal in right of payment with any of our and the guarantors' existing and future unsecured senior indebtedness; and

senior in right of payment to any of our and the guarantors' existing and future subordinated indebtedness.

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

incur additional indebtedness;

create liens;

pay dividends or repurchase capital stock;

make certain investments;

sell assets or consolidate or merge with or into other companies; and

engage in transactions with affiliates.

The more restrictive and significant of the covenants under the indenture include a minimum fixed charge ratio of 2.00, as well as a limitation on restricted payments, as defined in the indenture.

We were in compliance with all covenants under the indenture governing the 7.125% senior notes as of December 31, 2011 and December 31, 2010.

Senior Credit Facility On November 12, 2010, we entered into a Credit Agreement (Credit Agreement). The Credit Agreement provides for a \$300 million, multicurrency revolving credit facility, with a \$100 million sublimit for multicurrency borrowings, a \$100 million sublimit for letters of credit, and a \$20 million sublimit for swingline loans. The Credit Agreement includes an expansion feature, which allows us, subject to certain conditions, to request to increase the aggregate amount of the revolving credit facility or obtain incremental term loans in an amount up

to \$150 million.

At December 31, 2011, we had outstanding letters of credit of \$6.1 million and borrowings of \$22.0 million, resulting in the unused portion of the senior credit facility amounting to \$271.9 million. For further information on the outstanding letters of credit, see Note 18.

We paid financing costs in 2010 of approximately \$2.5 million related to this agreement and carried over deferred financing costs from our previous revolving credit agreement of approximately \$700 thousand, resulting in total deferred financing costs of \$3.2 million, which we are amortizing over the term of the Credit Agreement.

The obligations under the Credit Agreement are unsecured and are fully guaranteed by NewMarket and the subsidiary guarantors. The revolving credit facility matures on November 12, 2015.

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Borrowings made under the revolving credit facility bear interest at an annual rate equal to, at our election, either (1) the ABR plus the Applicable Rate (solely in the case of loans denominated in U.S. dollars to NewMarket) or (2) the Adjusted LIBO Rate plus the Applicable Rate. ABR is the greatest of (i) the rate of interest publicly announced by the Administrative Agent as its prime rate, (ii) the federal funds effective rate from time to time plus 0.5% or (iii) the Adjusted LIBO Rate for a one month interest period plus 1%. The Adjusted LIBO Rate means the rate at which Eurocurrency deposits in the London interbank market for certain periods (as selected by NewMarket) are quoted, as adjusted for statutory reserve requirements for Eurocurrency liabilities and other applicable mandatory costs. Depending on our consolidated Leverage Ratio, the Applicable Rate ranges from 1.00% to 1.50% for loans bearing interest based on the ABR and from 2.00% to 2.50% for loans bearing interest based on the Adjusted LIBO Rate. At December 31, 2011, the Applicable Rate was 1.00% for loans bearing interest based on the ABR and 2.00% for loans bearing interest based on the Adjusted LIBO Rate. Our average interest rate under the Credit Agreement was 2.9% during 2011. At December 31, 2011, the interest rate was 4.25%.

The Credit Agreement contains financial covenants that require NewMarket to maintain a consolidated Leverage Ratio of no more than 3.00 to 1.00 and a consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of no less than 3.00 to 1.00, as of the end of each fiscal quarter ending on and after December 31, 2010.

We were in compliance with all covenants under the Credit Agreement at December 31, 2011 and December 31, 2010.

Mortgage Loan Agreement On January 28, 2010, Foundry Park I entered into a mortgage loan agreement in the amount of \$68.4 million. The loan, which is collateralized by the Foundry Park I office building, is for a period of five years, with two thirteen-month extension options. NewMarket Corporation is fully guaranteeing the loan. The mortgage loan bears interest at a variable rate of LIBOR plus a margin of 400 basis points. At December 31, 2011, the interest rate was 4.27%. Principal payments on the loan are being made monthly based on a 15 year amortization schedule, with all remaining amounts due in five years, unless we exercise the extension options. We incurred financing costs of \$1.5 million related to the mortgage loan, which are being amortized over the initial term of the agreement.

Concurrently with the closing of the mortgage loan, Foundry Park I obtained an interest rate swap to effectively convert the variable interest rate in the loan to a fixed interest rate by setting LIBOR at 2.642% for five years. Further information on the interest rate swap is in Note 16.

Other Borrowings One of our subsidiaries in India has a short-term line of credit of 110 million Rupees for working capital purposes. The average interest rate was approximately 10.8% during 2011 and 9.8% during 2010. At December 31, 2011 the interest rate was 11.1%. The outstanding balance on the India line of credit of \$1.7 million (90 million Rupees) at December 31, 2011 is due during 2012. Another subsidiary in China has a short-term line of credit of \$10 million with an outstanding balance of \$6.3 million at December 31, 2011. The average interest rate was approximately 2.3% during 2011 and 2.5% at December 31, 2011. The outstanding balance on the China line of credit is due during 2012.

We recorded our capital lease obligations at the lower of fair market value of the related asset at the inception of the lease or the present value of the total minimum lease payments. The capital lease obligation of approximately \$100 thousand was paid off in 2011.

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

2012	\$ 11.0 million
2013	\$ 3.2 million
2014	\$ 3.4 million
2015	\$ 76.0 million
2016	\$ 150.0 million

13. Other Noncurrent Liabilities

	December 31	
	2011	2010
Employee benefits	\$ 120,558	\$ 90,584
Interest rate swaps	33,424	19,717
Environmental remediation	18,467	19,632
Asbestos litigation reserve	9,389	12,030
Environmental dismantling	337	478
Other	11,269	4,729
	\$ 193,444	\$ 147,170

The increase in employee benefits primarily reflects the deterioration in the funded status of our pension and postretirement plans. See Note 19 for further information on these employee benefit plans. Environmental remediation and environmental dismantling include our asset retirement obligations. Further information on the interest rate swaps is in Note 16.

14. Asset Retirement Obligations

Our asset retirement obligations are related primarily to past TEL operations. The following table illustrates the 2011, 2010, and 2009 activity associated with our asset retirement obligations.

	Years Ended December 31		
	2011	2010	2009
Asset retirement obligations, beginning of year	\$ 2,975	\$ 3,031	\$ 3,009
Liabilities incurred	100	0	2,000
Accretion expense	165	139	168
Liabilities settled	0	0	(1,539)
Changes in expected cash flows and timing	57	(195)	(607)
Asset retirement obligations, end of year	\$ 3,297	\$ 2,975	\$ 3,031

15. Stock-Based Compensation

The 2004 Incentive Compensation and Stock Plan (the Plan) was approved on May 24, 2004. Any employee of our company or an affiliate or a person who is a member of our board of directors or the board of directors of an affiliate is eligible to participate in the Plan if the Compensation Committee of the Board of Directors (the Administrator), in its sole discretion, determines that such person has contributed significantly or can be expected to contribute significantly to the profits or growth of our company or its affiliates (each, a participant). Under the terms of the Plan, we may grant participants stock awards, incentive awards, or options (which may be either

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incentive stock options or nonqualified stock options), or stock appreciation rights (SARs), which may be granted with a related option. Stock options entitle the participant to purchase a specified number of shares of our common stock at a price that is fixed by the Administrator at the time the option is granted; provided, however, that the price cannot be less than the shares' fair market value on the date of grant. The maximum period in which an option may be exercised is fixed by the Administrator at the time the option is granted but, in the case of an incentive stock option, cannot exceed ten years.

The maximum aggregate number of shares of our common stock that may be issued under the Plan is 1,500,000. During 2011, 18,930 shares of our common stock were issued under the Plan resulting in 1,451,335 shares being available for grant at December 31, 2011. No participant may be granted or awarded in any calendar year options or SARs covering more than 200,000 shares of our common stock in the aggregate. For purposes of this limitation and the individual limitation on the grant of options, an option and corresponding SAR are treated as a single award.

Of the 18,930 shares of common stock issued during 2011 under the Plan, 702 shares were to six of our non-employee directors with an aggregate fair value of \$120 thousand at the issue date of July 1, 2011. The fair value of the shares was based on the closing price of our common stock on the day prior to the date of issue. We recognized expense of \$120 thousand related to the issuance of this common stock. The remaining 18,228 shares issued during 2011 under the Plan related to a stock award granted on August 15, 2011. The shares issued under this award vested immediately; however, the stock may not be sold or otherwise transferred until August 15, 2012. We recognized expense of \$2.9 million related to the issuance of the shares under the stock award, based on the closing price of our common stock on the date of the stock award.

At December 31, 2010, we had 16,000 outstanding options to purchase shares of our common stock at an exercise price of \$4.35 per share. These outstanding options became exercisable over a stated period of time. These previously granted outstanding options were awarded under Ethyl's 1982 Stock Option Plan, which terminated in March 2004, and pursuant to which no further options may be granted. None of these options included an associated SAR. These options were exercised during 2011.

A summary of activity during 2011 in NewMarket's stock option plan is presented below in whole shares:

	Whole Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2011	16,000	\$ 4.35		
Exercised	(16,000)	4.35		\$ 2,805
Outstanding at December 31, 2011	0	\$ 0	0	\$ 0
Exercisable at December 31, 2011	0	\$ 0	0	\$ 0

We have neither granted nor modified any stock option awards in 2011, 2010, or 2009. The total intrinsic value of options exercised was \$3 million for 2011, \$2 million for 2010, and \$500 thousand for 2009.

We recognized a tax benefit of \$1 million on the \$4.35 options for 2011 and \$700 thousand for 2010. We recognized no tax benefit for 2009. There was no unrecognized compensation cost during 2011, 2010, or 2009.

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16. Derivatives and Hedging Activities

We are exposed to certain risks arising from both our business operations and economic conditions. We primarily manage our exposures to a wide variety of business and operational risks through management of our core business activities.

We manage certain economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of our debt funding, as well as through the use of derivative financial instruments. Specifically, we have entered into interest rate swaps to manage our exposure to interest rate movements.

Our foreign operations expose us to fluctuations of foreign exchange rates. These fluctuations may impact the value of our cash receipts and payments as compared to our reporting currency, the U.S. Dollar. To manage this exposure, we sometimes enter into foreign currency forward contracts to minimize currency exposure due to cash flows from foreign operations.

Cash Flow Hedge of Interest Rate Risk

In January 2010, we entered into an interest rate swap to manage our exposure to interest rate movements on the Foundry Park I mortgage loan and to reduce variability in interest expense. Further information on the mortgage loan is in Note 12. We also had an interest rate swap to manage our exposure to interest rate movements on the Foundry Park I construction loan and add stability to capitalized interest expense. The Foundry Park I construction loan interest rate swap matured on January 1, 2010. Both interest rate swaps are designated and qualify as a cash flow hedge. As such, the effective portion of changes in the fair value of the swaps is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Any ineffective portion of changes in the fair value of the swap is recognized immediately in earnings. We assess the effectiveness of the mortgage loan interest rate swap quarterly, just as we assessed the effectiveness of the construction loan interest rate swap quarterly, by comparing the changes in the fair value of the derivative hedging instrument with the change in present value of the expected future cash flows of the hedged transaction.

Both interest rate swaps involve the receipt of variable-rate amounts based on LIBOR in exchange for fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The fixed-rate payments are at a rate of 2.642% for the mortgage loan interest rate swap, while the fixed-rate payments on the construction loan interest rate swap were at a rate of 4.975%. The notional amount of the mortgage loan interest rate swap was approximately \$68 million at origination, \$64 million at December 31, 2011, and \$66 million at December 31, 2010. The notional amount of the mortgage loan interest rate swap amortizes to approximately \$54 million over the term of the swap. The amortizing notional amount is necessary to maintain the swap notional at an amount that matches the declining mortgage loan principal balance over the loan term. The mortgage loan interest swap matures on January 29, 2015. The notional amount of the construction loan interest rate swap was approximately \$94 million at December 31, 2009, just prior to its January 1, 2010 maturity.

The unrealized loss, net of tax, related to the fair value of the mortgage loan interest rate swap is recorded in accumulated other comprehensive loss in shareholders' equity on the Consolidated Balance Sheets, and amounted to approximately \$2.2 million at December 31, 2011 and \$1.5 million at December 31, 2010. The unrealized loss, net of tax, related to the fair value of the construction loan interest rate swap and recorded in accumulated other comprehensive loss amounted to approximately \$37 thousand at December 31, 2009. This amount was settled on January 1, 2010. Also recorded as a component of accumulated other comprehensive loss in shareholders' equity on the Consolidated Balance Sheets was the accumulated losses related to the construction loan interest rate swap. This amounted to approximately \$2.6 million, net of tax, at both December 31, 2011 and December 31, 2010. The amounts remaining in accumulated other comprehensive loss

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related to the construction loan interest rate swap are being recognized in the Consolidated Statements of Income over the depreciable life of the office building beginning in January 2010. Approximately \$900 thousand, net of tax, currently recognized in accumulated other comprehensive loss related to both the construction loan interest rate swap and the mortgage loan interest rate swap is expected to be reclassified into earnings over the next twelve months.

Non-designated Hedges

On June 25, 2009, we entered into an interest rate swap with Goldman Sachs in the notional amount of \$97 million and with a maturity date of January 19, 2022 (Goldman Sachs interest rate swap). NewMarket entered into the Goldman Sachs interest rate swap in connection with the termination of a loan application and related rate lock agreement between Foundry Park I and Principal Commercial Funding II, LLC (Principal). When the rate lock agreement was originally executed in 2007, Principal simultaneously entered into an interest rate swap with a third party to hedge Principal's exposure to fluctuation in the ten-year United States Treasury Bond rate. Upon the termination on June 25, 2009 of the rate lock agreement, Goldman Sachs both assumed Principal's position with the third party and entered into an offsetting interest rate swap with NewMarket. Under the terms of this interest rate swap, NewMarket is making fixed rate payments at 5.3075% and Goldman Sachs will make variable rate payments based on three-month LIBOR. We have collateralized this exposure through cash deposits posted with Goldman Sachs amounting to \$36 million at December 31, 2011 and \$23 million at December 31, 2010. This transaction effectively preserves the impact of the original rate lock agreement for the possible application to a future loan of a similar structure.

We elected not to use hedge accounting for the Goldman Sachs interest rate swap and therefore, immediately recognize any change in the fair value of this derivative financial instrument directly in earnings.

The table below presents the fair value of our derivative financial instruments, as well as their classification on the Consolidated Balance Sheets as of December 31, 2011 and December 31, 2010.

Fair Value of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	December 31, 2011		December 31, 2010		December 31, 2011		December 31, 2010	
	Balance		Balance		Balance		Balance	
	Sheet Location	Fair Value	Sheet Location	Fair Value	Sheet Location	Fair Value	Sheet Location	Fair Value
<i>Derivatives Designated as Hedging Instruments</i>					Accrued expenses and Other		Accrued expenses and Other	
Mortgage loan interest rate swap		\$ 0		\$ 0	noncurrent liabilities	\$ 3,692	noncurrent liabilities	\$ 2,656
<i>Derivatives Not Designated as Hedging Instruments</i>					Accrued expenses and Other		Accrued expenses and Other	
Goldman Sachs interest rate swap		\$ 0		\$ 0	Other noncurrent liabilities	\$ 32,098	Other noncurrent liabilities	\$ 19,456

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The total fair value reflected in the table above includes amounts recorded in accrued expenses of approximately \$130 thousand at both December 31, 2011 and December 31, 2010 for the mortgage loan interest rate swap and approximately \$2 million at both December 31, 2011 and December 31, 2010 for the Goldman Sachs rate swap.

The tables below present the effect of our derivative financial instruments on the Consolidated Statements of Income.

Effect of Derivative Instruments on the Consolidated Statements of Income**Designated Cash Flow Hedges**

Derivatives in Cash Flow Hedging Relationship	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) December 31			Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) December 31			Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) December 31		
	2011	2010	2009		2011	2010	2009		2011	2010	2009
Mortgage loan interest rate swap	\$ (2,627)	\$ (4,012)	\$ 0	Interest and financing expenses	\$ (1,584)	\$ (1,493)	\$ 0		\$ 0	\$ 0	\$ 0
Construction loan interest rate swap	\$ 0	\$ 0	\$ (583)	Cost of rental	\$ (85)	\$ (85)	\$ 0	Other expense, net	\$ 0	\$ 0	\$ 92

Effect of Derivative Instruments on the Consolidated Statements of Income**Not Designated Derivatives**

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives December 31		
		2011	2010	2009
Goldman Sachs interest rate swap	Other expense, net	\$ (17,516)	\$ (10,324)	\$ (11,440)

Credit-risk-related Contingent Features

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We have agreements with both of our current derivative counterparties that contain a provision where we could be declared in default on our derivative obligations if repayment of indebtedness is accelerated by the lender due to our default on the indebtedness.

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As of December 31, 2011, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$35 million. We have minimum collateral posting thresholds with one of our derivative counterparties and have posted cash collateral of \$36 million as of December 31, 2011. If required, we could have settled our obligations under the agreements at their termination value of \$35 million at December 31, 2011.

17. Fair Value Measurements

The following table provides information on assets and liabilities measured at fair value on a recurring basis. No events occurred during the twelve months ended December 31, 2011, requiring adjustment to the recognized balances of assets or liabilities which are recorded at fair value on a nonrecurring basis.

	Carrying Amount in Consolidated Balance Sheets	Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
			December 31, 2011		
Cash and cash equivalents	\$ 50,370	\$ 50,370	\$ 50,370	\$ 0	\$ 0
Marketable securities	5,208	5,208	0	5,208	0
Interest rate swaps liability	35,790	35,790	0	35,790	0
December 31, 2010					
Cash and cash equivalents	\$ 49,192	\$ 49,192	\$ 49,192	\$ 0	\$ 0
Short-term investments	300	300	300	0	0
Interest rate swaps liability	22,112	22,112	0	22,112	0

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

The fair value of the interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates derived from observable market interest rate curves. In determining the fair value measurements, we incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk and the counterparties' nonperformance risk.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustment associated with the derivatives utilizes Level 3 inputs. These Level 3 inputs include estimates of current credit spreads to evaluate the likelihood of default by both us and the counterparties to the derivatives. As of December 31, 2011 and December 31, 2010, we have assessed the significance of the impact of the credit valuation adjustment on the overall valuation of our derivatives and have determined that the credit valuation adjustment is not significant to the overall valuation of the derivatives. Accordingly, we have determined that our derivative valuations should be classified in Level 2 of the fair value hierarchy.

The marketable securities in the table above represent the 195,313 shares of unregistered Innospec Inc. common stock that we own. See Note 18 for further information. The fair value of the common stock is determined using the closing market price of Innospec Inc. common stock at December 31, 2011, discounted for transfer restrictions on the shares. While the Innospec Inc. common stock is traded on a national exchange and the market

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price is a Level 1 input in the fair value hierarchy, the discount factor utilizes Level 3 inputs. We have assessed the significance of the impact of the discount factor adjustment on the overall valuation of the marketable securities and have determined that it is not significant to the overall valuation of the marketable securities. Accordingly, we have determined that our marketable securities valuation should be classified in Level 2 of the fair value hierarchy as the valuation relies on quoted prices for similar assets in an active market.

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

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	\$ 243,567	\$ 252,557	\$ 221,913	\$ 230,393

18. Commitments and Contingencies

Contractual Commitments NewMarket has operating lease agreements primarily for office space, transportation equipment, and storage facilities. Rental expense was \$24 million in 2011, \$22 million in 2010, and \$19 million in 2009.

Future lease payments for all noncancelable operating leases as of December 31, 2011 are:

2012	\$ 9 million
2013	\$ 6 million
2014	\$ 5 million
2015	\$ 2 million
2016	\$ 1 million
After 2016	\$ 1 million

We have contractual obligations for the construction of assets, as well as purchases of property and equipment of approximately \$7 million at December 31, 2011.

Raw Material Purchase Obligations We have raw material purchase obligations over the next five years amounting to approximately \$256 million at December 31, 2011 for agreements to purchase goods or services that are enforceable, and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Raw material purchase obligations exclude agreements that are cancelable without penalty. Purchase orders made in the ordinary course of business are excluded from this amount. Any amounts for which we are liable under purchase orders are reflected in our Consolidated Balance Sheets as accounts payable and accrued expenses.

Litigation We are involved in legal proceedings that are incidental to our business and include administrative or judicial actions seeking remediation under environmental laws, such as Superfund. Some of these legal proceedings relate to environmental matters and involve governmental authorities. For further information see Environmental below and Item 3.

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

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As previously disclosed, NewMarket Corporation and Afton Chemical Corporation (collectively, NewMarket) brought two civil actions against Innospec Inc. and its subsidiaries Alcor Chemie Vertriebs GmbH and Innospec Ltd. (collectively, Innospec) in July 2010.

NewMarket and Innospec have agreed to settle these actions pursuant to the terms of a settlement agreement between them signed on September 13, 2011 which provides for mutual releases of the parties and dismissal of the actions with prejudice. Under the settlement agreement, Innospec will pay NewMarket an aggregate amount of approximately \$45 million, payable in a combination of cash, a promissory note, and stock, of which \$25 million was paid in cash on September 20, 2011 and approximately \$5 million was paid in the form of 195,313 shares of unregistered Innospec Inc. common stock. Fifteen million dollars is payable in three equal annual installments of \$5 million under the promissory note, which bears interest at 1% per year. The first installment is due on September 10, 2012.

Asbestos

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

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

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

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

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

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

No estimate is made for unasserted claims.

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

Based on the above assumptions, we have provided an undiscounted liability related to premises asbestos claims of \$11 million at year-end 2011 and \$14 million at year-end 2010. The liabilities related to asbestos claims are included in accrued expenses (current portion) and other noncurrent liabilities on the Consolidated Balance Sheets. Certain of these costs are recoverable through our insurance coverage and agreement with Albemarle

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Corporation. The receivable for these recoveries related to premises asbestos liabilities was \$7 million at December 31, 2011 and \$10 million at December 31, 2010. These receivables are included in trade and other accounts receivable, net on the Consolidated Balance Sheets for the current portion. The noncurrent portion is included in other assets and deferred charges.

Environmental During 2000, the EPA named us as a PRP for the clean-up of soil and groundwater contamination at the Sauget Area 2 Site in Sauget, Illinois. Without admitting any fact, responsibility, fault, or liability in connection with this site, we are participating with other PRPs in site investigations and feasibility studies. The Sauget Area 2 Site PRPs received notice of approval from the EPA of their October 2009 Human Health Risk Assessment. Additionally, the PRPs have submitted their Feasibility Study (FS) to the EPA Remedy review board. We have accrued our estimated proportional share of the expenses for the FS, as well as our best estimate of our proportional share of the remediation liability proposed in our ongoing discussions and submissions with the agencies involved. We do not believe there is any additional information available as a basis for revision of the liability that we have established. The amount accrued for this site is not material.

At a former TEL plant site located in the state of Louisiana, we have completed significant environmental remediation, although we will be monitoring and treating the site for an extended period. The accrual for this site was \$6.1 million at year-end 2011 and \$6.8 million at year-end 2010. We based these amounts on the best estimate of future costs discounted at approximately 3% in both 2011 and 2010. An inflation factor is included in the estimate. The undiscounted liability was \$7.7 million at year-end 2011 and \$8.7 million at year-end 2010. The expected payments for each of the next five years amount to approximately \$600 thousand for each of the years 2012 through 2016. Expected payments thereafter amount to approximately \$4.7 million.

At a plant site in Houston, Texas, we have an accrual of \$7.4 million at December 31, 2011 and \$7.6 million at December 31, 2010 for environmental remediation, dismantling, and decontamination. Included in these amounts are \$7.0 million at year-end 2011 and \$7.3 million at year-end 2010 for remediation. Of the total remediation, \$6.5 million at December 31, 2011 and \$6.9 million at December 31, 2010 relates to remediation of groundwater and soil. The accruals for this site are discounted at approximately 3% at December 31, 2011 and December 31, 2010. The accruals include an inflation factor. The undiscounted accrual for this site was \$10.2 million at year-end 2011 and \$10.8 million at year-end 2010. The expected payments for each of the next five years are approximately \$1.0 million in 2012, \$500 thousand in 2013, \$1.6 million in 2014, and \$200 thousand for each of the years 2015 and 2016. Expected payments thereafter amount to approximately \$6.7 million.

At a superfund site in Louisiana, we have an accrual of \$3.1 million at December 31, 2011 and \$3.3 million at December 31, 2010 for environmental remediation. The accrual for this site was discounted at approximately 3% at December 31, 2011 and December 31, 2010 and included an inflation factor. The undiscounted accrual for this site was \$4.0 million at December 31, 2011 and \$4.2 million at December 31, 2010. The expected payments over the next five years amount to approximately \$300 thousand in 2012, \$200 thousand in each of the years 2013 through 2014 and \$300 thousand for each of the years 2015 and 2016. Expected payments thereafter amount to approximately \$2.7 million.

The remaining environmental liabilities are not discounted.

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

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At December 31, our total accruals for environmental remediation were \$21.7 million for 2011 and \$22.5 million for 2010. In addition to the accruals for environmental remediation, we also have accruals for dismantling and decommissioning costs of \$600 thousand at December 31, 2011 and \$500 thousand at December 31, 2010.

NewMarket spent \$19 million in 2011, \$18 million in 2010, and \$17 million in 2009 for ongoing environmental operating and clean-up costs, excluding depreciation of previously capitalized expenditures. On capital expenditures for pollution prevention and safety projects, we spent \$9 million in 2011, \$7 million in 2010, and \$5 million in 2009.

Letters of Credit and Guarantees We have outstanding guarantees with several financial institutions in the amount of \$63 million at December 31, 2011. The guarantees are secured by letters of credit, as well as cash collateral. A portion of these guarantees is unsecured. The outstanding letters of credit amounted to \$6 million at December 31, 2011, all of which were issued under the letter of credit sub-facility of our revolving credit facility. See Note 12. The letters of credit primarily relate to insurance guarantees. We renew letters of credit as necessary. The remaining amounts represent performance, lease, custom, and excise tax guarantees, as well as a cash deposit of \$36 million related to the Goldman Sachs interest rate swap. The cash deposit is recorded in Other assets and deferred charges on the Consolidated Balance Sheets. See Note 16 for further information. Expiration dates range from 2012 to 2014. Some of the guarantees have no expiration date.

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

19. Pension Plans and Other Postretirement Benefits

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

U.S. Retirement Plans

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

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

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

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

	Years Ended December 31					
	Pension Benefits			Postretirement Benefits		
	2011	2010	2009	2011	2010	2009
Net periodic benefit cost						
Service cost	\$ 7,055	\$ 6,755	\$ 5,720	\$ 1,514	\$ 1,336	\$ 1,085
Interest cost	9,079	8,559	7,934	3,158	3,277	3,408
Expected return on plan assets	(11,445)	(9,689)	(8,592)	(1,595)	(1,627)	(1,636)
Amortization of prior service cost	306	292	289	8	9	9
Amortization of actuarial net loss (gain)	3,203	3,371	2,497	(602)	(439)	(453)
Net periodic benefit cost	\$ 8,198	\$ 9,288	\$ 7,848	\$ 2,483	\$ 2,556	\$ 2,413
Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss)						
Actuarial net loss (gain)	\$ 37,484	\$ (7,530)	\$ 862	\$ 5,072	\$ (1,754)	\$ 704
Prior service cost	0	1,193	0	0	0	0
Amortization of actuarial net (loss) gain	(3,203)	(3,371)	(2,497)	602	439	453
Amortization of prior service cost	(306)	(292)	(289)	(8)	(9)	(9)
Total recognized in other comprehensive income (loss)	\$ 33,975	\$ (10,000)	\$ (1,924)	\$ 5,666	\$ (1,324)	\$ 1,148
Total recognized in net periodic benefit cost and other comprehensive income (loss)	\$ 42,173	\$ (712)	\$ 5,924	\$ 8,149	\$ 1,232	\$ 3,561

The estimated actuarial net loss which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 is expected to be \$5 million for pension plans. There will be no estimated actuarial net gain to be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 for postretirement benefit plans. The estimated prior service cost which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 is expected to be \$200 thousand for pension plans, while the estimated prior service credit which will be amortized from accumulated comprehensive loss into net periodic benefit cost during 2012 is expected to be \$9 thousand for postretirement benefit plans.

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Changes in the plans' benefit obligations and assets follow.

	Years Ended December 31			
	Pension Benefits 2011	2010	Postretirement Benefits 2011	2010
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 154,579	\$ 147,211	\$ 58,770	\$ 59,733
Service cost	7,055	6,755	1,514	1,336
Interest cost	9,079	8,559	3,158	3,277
Plan amendment	0	1,193	0	0
Actuarial net loss (gain)	26,505	(3,677)	4,324	(2,280)
Benefits paid	(6,157)	(5,462)	(3,283)	(3,296)
Benefit obligation at end of year	\$ 191,061	\$ 154,579	\$ 64,483	\$ 58,770
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 112,143	\$ 90,141	\$ 26,623	\$ 27,157
Actual return on plan assets	466	13,542	847	1,101
Employer contributions	22,634	13,922	1,716	1,661
Benefits paid	(6,157)	(5,462)	(3,283)	(3,296)
Fair value of plan assets at end of year	\$ 129,086	\$ 112,143	\$ 25,903	\$ 26,623
Funded status	\$ (61,975)	\$ (42,436)	\$ (38,580)	\$ (32,147)
Amounts recognized in the Consolidated Balance Sheets				
Noncurrent assets	\$ 0	\$ 661	\$ 0	\$ 0
Current liabilities	(2,443)	(2,434)	(1,800)	(1,809)
Noncurrent liabilities	(59,532)	(40,663)	(36,780)	(30,338)
	\$ (61,975)	\$ (42,436)	\$ (38,580)	\$ (32,147)
Amounts recognized in accumulated other comprehensive loss				
Actuarial net loss (gain)	\$ 95,031	\$ 60,750	\$ (5,846)	\$ (11,520)
Prior service (cost) credit	(892)	(586)	27	35
	\$ 94,139	\$ 60,164	\$ (5,819)	\$ (11,485)

The 2010 plan amendment in the table above represents contract negotiations with the Sauget and Houston plans.

The accumulated benefit obligation for all domestic defined benefit pension plans was \$159 million at December 31, 2011 and \$130 million at December 31, 2010.

The projected benefit obligation exceeded the fair market value of plan assets for all domestic plans at December 31, 2011. The accumulated benefit obligation exceeded the fair market value of plan assets for all the domestic plans, except for the Port Arthur plan, at December 31, 2011.

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The projected benefit obligation exceeded the fair market value of plan assets for all domestic plans, except for the Port Arthur and Sauget plans, at December 31, 2010. The fair market value of plan assets for all domestic plans, except the nonqualified plan, exceeded the accumulated benefit obligation at December 31, 2010.

The net asset position for plans in which assets exceed the projected benefit obligation is included in prepaid pension cost on the Consolidated Balance Sheets. The net liability position of plans in which the projected benefit obligation exceeds assets is included in other noncurrent liabilities on the Consolidated Balance Sheets.

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A portion of the accrued benefit cost for the nonqualified plan is included in current liabilities at both December 31, 2011 and December 31, 2010. As the nonqualified plan is unfunded, the amount reflected in current liabilities represents the expected benefit payments related to the nonqualified plan during 2012.

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

	2011	2010
Plans with the accumulated benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	\$ 189,260	\$ 25,825
Accumulated benefit obligation	157,444	24,429
Fair market value of plan assets	127,323	0

	2011	2010
Plans with the projected benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	\$ 191,061	\$ 130,501
Fair market value of plan assets	129,086	87,377

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

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

	Pension Benefits			Postretirement Benefits		
	2011	2010	2009	2011	2010	2009
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31						
Discount rate	5.875%	5.875%	6.250%	5.875%	5.875%	6.250%
Expected long-term rate of return on plan assets	9.00%	9.00%	9.00%	6.25%	6.25%	6.25%
Rate of projected compensation increase	3.50%	4.00%	3.75%			

Weighted-average assumptions used to determine benefit obligations at December 31						
Discount rate	5.000%	5.875%	5.875%	5.000%	5.875%	5.875%
Rate of projected compensation increase	3.50%	3.50%	4.00%			

For pension plans, we base the assumed expected long-term rate of return for plan assets on an analysis of our actual investments, including our asset allocation, as well as a stochastic analysis of expected returns. This analysis reflects the expected long-term rates of return for each significant asset class and economic indicator. As of January 1, 2012, the expected rates were 8.8% for U.S. large cap stocks, 3.0% for fixed income, and 2.3% for inflation. The range of returns developed relies both on forecasts and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. Our asset allocation is predominantly weighted toward equities. Through our ongoing monitoring of our investments, we have determined that we should maintain the expected long-term rate of return for our U.S. plans at 9.0% at December 31, 2011. For the post-retirement plan, we based the assumed expected long-term rate of return for plan assets on an evaluation of projected interest rates, as well as the guaranteed interest rate for our insurance contract.

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Assumed health care cost trend rates at December 31 are shown in the table below. The expected health care cost trend rate for 2011 was 8.5%.

	2011	2010
Health care cost trend rate assumed for next year	8.0%	8.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.75%	5.0%
Year that the rate reaches the ultimate trend rate	2017	2018

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

	1% Increase	1% Decrease
Effect on accumulated postretirement benefit obligation as of December 31, 2011	\$ 8,965	\$ (7,015)
Effect on net periodic postretirement benefit cost in 2011	\$ 820	\$ (626)

The Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act of 2010, was signed into law in March 2010. The PPACA mandates health care reforms with effective dates from 2010 to 2018, including an excise tax on high cost health care plans effective in 2018. The additional accumulated postretirement liability resulting from the PPACA is not material and has been included in the benefit obligation for our postretirement plan at December 31, 2011 and December 31, 2010. Given the complexity of the PPACA and the extended time period during which implementation is currently expected to occur, additional adjustments to the benefit obligation may be necessary.

Plan Assets Pension plan assets are held and distributed by trusts and consist principally of common stock and investment-grade fixed income securities. We invest directly in common stocks, as well as in funds which primarily hold stock and debt securities. Our target allocation is 90% to 97% in equities and 3% to 10% in debt securities or cash.

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

There are no significant concentrations of risk within plan assets, nor do the equity securities include any NewMarket common stock for any year presented.

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

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The following table provides information on the fair value of our pension and postretirement benefit plans assets, as well as the related level within the fair value hierarchy.

		December 31, 2011				December 31, 2010		
	Fair Value	Fair Value Measurements Using			Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<u>Pension Plans</u>								
Equity securities:								
U. S. companies	\$ 89,659	\$ 89,659	\$ 0	\$ 0	\$ 73,814	\$ 73,808	\$ 6	\$ 0
International companies	11,234	11,234	0	0	11,978	11,768	210	0
Real estate investment trusts	1,198	1,198	0	0	1,930	1,930	0	0
Exchange traded funds	0	0	0	0	838	838	0	0
Common collective trust	11,898	0	11,898	0	12,453	0	12,453	0
Money market instruments	3,367	3,367	0	0	2,687	2,687	0	0
Mutual funds fixed income	8,090	8,090	0	0	6,987	6,987	0	0
Cash and cash equivalents	3,198	3,198	0	0	1,192	1,192	0	0
Insurance contract	442	0	442	0	264	0	264	0
	\$ 129,086	\$ 116,746	\$ 12,340	\$ 0	\$ 112,143	\$ 99,210	\$ 12,933	\$ 0
<u>Postretirement Plans</u>								
Insurance contract	\$ 25,903	\$ 0	\$ 25,903	\$ 0	\$ 26,623	\$ 0	\$ 26,623	\$ 0

The 2010 common collective trust fair value has been reclassified from Level 1 to Level 2 to conform to current presentation.

The valuation methodologies used to develop the fair value measurements for the investments in the table above is outlined below. There have been no changes in the valuation techniques used to value the investments.

Equity securities, including common stock, real estate investment trusts, and exchange traded funds, are valued at the closing price reported on a national exchange.

The common collective trust is valued at the net asset value of units held by the Plan based on quoted market value of the underlying investments held by the fund.

Mutual funds are valued at the closing price reported on a national exchange.

Money market instruments are valued at cost, which approximates fair value.

Cash and cash equivalents are valued at cost.

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The insurance contracts are unallocated funds deposited with an insurance company and are stated at an amount equal to the sum of all amounts deposited less the sum of all amounts withdrawn, adjusted for investment return.

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Cash Flows For U.S. plans, NewMarket expects to contribute \$23 million to the pension plans and \$2 million to our other postretirement benefit plans in 2012. The expected benefit payments for the next ten years are as follows.

	Expected Pension Benefit Payments	Expected Postretirement Benefit Payments
2012	\$ 6,713	\$ 3,917
2013	7,194	3,809
2014	7,804	3,679
2015	8,767	3,568
2016	9,453	3,449
2017 through 2021	58,493	15,831

Foreign Retirement Plans

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

In addition to the foreign defined benefit pension plans, NewMarket also provides retirement benefits in Japan and Brazil which are not defined benefit plans. The total pension expense for these plans was \$300 thousand for 2011, \$200 thousand for 2010, and \$100 thousand for 2009.

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

The components of net periodic pension and postretirement benefit costs, as well as other amounts recognized in other comprehensive loss, for these foreign defined benefit retirement plans are shown below.

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	Years Ended December 31					
	Pension Benefits			Postretirement Benefits		
	2011	2010	2009	2011	2010	2009
Net periodic benefit cost						
Service cost	\$ 4,510	\$ 3,015	\$ 2,543	\$ 30	\$ 25	\$ 13
Interest cost	5,881	5,447	5,010	153	146	142
Expected return on plan assets	(6,365)	(5,344)	(3,918)	0	0	0
Amortization of prior service cost	84	86	77	0	0	0
Amortization of transition (asset) obligation	0	(37)	(35)	53	52	47
Amortization of actuarial net loss	1,083	1,240	1,618	61	53	34
Settlement loss	0	0	241	0	0	0
Net periodic benefit cost	\$ 5,193	\$ 4,407	\$ 5,536	\$ 297	\$ 276	\$ 236
Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss)						
Actuarial net loss (gain)	\$ 2,447	\$ (723)	\$ (2,720)	\$ (374)	\$ 115	\$ 521
Prior service cost	0	49	56	0	0	0
Settlement loss	0	0	(241)	0	0	0
Amortization of transition asset (obligation)	0	37	35	(53)	(52)	(47)
Amortization of actuarial net loss	(1,083)	(1,240)	(1,618)	(61)	(53)	(34)
Amortization of prior service cost	(84)	(86)	(77)	0	0	0
Total recognized in other comprehensive income (loss)	\$ 1,280	\$ (1,963)	\$ (4,565)	\$ (488)	\$ 10	\$ 440
Total recognized in net periodic benefit cost and other comprehensive income (loss)	\$ 6,473	\$ 2,444	\$ 971	\$ (191)	\$ 286	\$ 676

The estimated actuarial net loss which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 is expected to be \$1 million for foreign pension plans and \$30 thousand for foreign postretirement benefit plans. The estimated prior service cost which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 is expected to be \$300 thousand for foreign pension plans and zero for foreign postretirement benefit plans. There will be no estimated unrecognized transition asset amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 for foreign pension plans. The estimated unrecognized transition obligation which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2012 is expected to be \$50 thousand expense for foreign postretirement benefit plans.

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

	Years Ended December 31			
	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 108,304	\$ 102,092	\$ 3,068	\$ 2,810
Service cost	4,510	3,015	30	25
Interest cost	5,881	5,447	153	146
Plan amendments	0	48	0	0
Employee contributions	662	551	0	0
Actuarial net (gain) loss	(1,392)	4,832	(391)	113
Benefits paid	(4,095)	(4,026)	(213)	(174)
Foreign currency translation	(1,214)	(3,655)	(51)	148
Benefit obligation at end of year	\$ 112,656	\$ 108,304	\$ 2,596	\$ 3,068
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 103,364	\$ 92,456	\$ 0	\$ 0
Actual return on plan assets	2,364	10,887	0	0
Employer contributions	6,699	6,369	213	174
Employee contributions	662	551	0	0
Benefits paid	(4,095)	(4,026)	(213)	(174)
Foreign currency translation	(817)	(2,873)	0	0
Fair value of plan assets at end of year	\$ 108,177	\$ 103,364	\$ 0	\$ 0
Funded status	\$ (4,479)	\$ (4,940)	\$ (2,596)	\$ (3,068)
Amounts recognized in the Consolidated Balance Sheets				
Noncurrent assets	\$ 11,494	\$ 7,936	\$ 0	\$ 0
Current liabilities	(384)	(373)	(206)	(163)
Noncurrent liabilities	(15,589)	(12,503)	(2,390)	(2,905)
	\$ (4,479)	\$ (4,940)	\$ (2,596)	\$ (3,068)
Amounts recognized in accumulated other comprehensive loss				
Actuarial net loss	\$ 32,923	\$ 31,559	\$ 515	\$ 950
Prior service cost	(2,246)	(2,162)	0	0
Transition obligation	10	10	285	338
	\$ 30,687	\$ 29,407	\$ 800	\$ 1,288

The accumulated benefit obligation for all foreign defined benefit pension plans was \$98 million at December 31, 2011 and \$95 million at December 31, 2010.

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The fair market value of plan assets exceeded both the accumulated benefit obligation and projected benefit obligation for the United Kingdom plan at year-end 2011. The net asset position of the United Kingdom plan is included in prepaid pension cost on the Consolidated Balance Sheets at December 31, 2011. The accumulated benefit obligation and projected benefit obligation exceeded the fair market value of plan assets for the German, Afton Belgium, Canadian Hourly, and Canadian Salary plans at December 31, 2011. The accrued benefit cost of these plans is included in other noncurrent liabilities on the Consolidated Balance Sheets. As the German plan is unfunded, a portion of the accrued benefit cost for the German plan is included in current liabilities at year-end 2011 reflecting the expected benefit payments related to the plan for the following year.

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The fair market value of plan assets exceeded both the accumulated benefit obligation and projected benefit obligation for the Canadian Salary plan and the United Kingdom plan at year-end 2010. The net asset positions of the Canadian Salary plan and the United Kingdom plan are included in prepaid pension cost on the Consolidated Balance Sheets in 2010. For the Canadian Hourly plan in 2010, the fair market value of plan assets exceeded the accumulated benefit obligation, but not the projected benefit obligation. The net liability position of the Canadian Hourly plan is included in noncurrent liabilities. The accumulated benefit obligation and projected benefit obligation exceed the fair market value of plan assets for the German and Afton Belgium plans at December 31, 2010. The accrued benefit cost of these plans is included in other noncurrent liabilities on the Consolidated Balance Sheets. A portion of the accrued benefit cost of the German plan is included in current liabilities.

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

	2011	2010
Plans with the accumulated benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	\$ 38,758	\$ 22,245
Accumulated benefit obligation	30,902	16,120
Fair market value of plan assets	22,785	9,492
	2011	2010
Plans with the projected benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	\$ 38,758	\$ 25,594
Fair market value of plan assets	22,785	12,717

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

	Pension Benefits			Postretirement Benefits		
	2011	2010	2009	2011	2010	2009
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31						
Discount rate	5.16%	5.52%	5.93%	5.00%	5.25%	7.00%
Expected long-term rate of return on plan assets	5.92%	5.92%	5.35%			
Rate of projected compensation increase	4.63%	4.22%	4.24%			
Weighted-average assumptions used to determine benefit obligations at December 31						
Discount rate	4.65%	5.16%	5.52%	4.25%	5.00%	5.25%
Rate of projected compensation increase	4.24%	4.63%	4.22%			

The actuarial assumptions used by the various foreign locations are based upon the circumstances of each particular country and pension plan. The factors impacting the determination of the long-term rate of return for a particular foreign pension plan include the market conditions within a particular country, as well as the investment strategy and asset allocation of the specific plan.

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Assumed health care cost trend rates at December 31 are shown in the table below.

	2011	2010
Health care cost trend rate assumed for next year	5.0%	7.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2012	2016

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

	1% Increase	1% Decrease
Effect on accumulated postretirement benefit obligation as of December 31, 2011	\$ 292	\$ (361)
Effect on net periodic postretirement benefit cost in 2011	\$ 1	\$ (3)

Plan Assets Pension plan assets vary by foreign location and plan. Assets are held and distributed by trusts and, depending upon the foreign location and plan, consist primarily of equity securities, corporate and government debt securities, cash, and insurance contracts. The combined average target allocation of our foreign pension plans is 53% in equities, 34% in debt securities, 9% in insurance contracts, and 4% in a pooled investment property fund.

While the pension obligation is long-term in nature for each of our foreign plans, the investment strategies followed by each plan vary to some degree based upon the laws of a particular country, as well as the provisions of the specific pension trust. The United Kingdom and Canadian plans are invested predominantly in equity securities and debt securities. The funds of these plans are managed by various trustees and investment companies whose performance is reviewed throughout the year. The Afton Belgium plan is invested in an insurance contract. The German plan has no assets.

There are no significant concentrations of risk within plan assets, nor do the equity securities include any NewMarket common stock for any year presented. The benefits of the Canadian postretirement benefit plan are paid through an insurance contract.

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The following table provides information on the fair value of our foreign pension plans assets, as well as the related level within the fair value hierarchy.

	December 31, 2011				December 31, 2010			
	Fair Value Measurements Using				Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
<u>Pension Plans</u>								
Equity securities:								
U.S. companies	\$ 5,833	\$ 5,833	\$ 0	\$ 0	\$ 6,081	\$ 6,081	\$ 0	\$ 0
International companies	38,159	38,159	0	0	39,826	39,826	0	0
Debt securities corporate	16,715	16,715	0	0	13,233	13,233	0	0
Debt securities government	20,222	20,222	0	0	16,418	16,418	0	0
Cash and cash equivalents	297	297	0	0	465	465	0	0
Pooled investment funds:								
Equity securities U.S. companies	825	0	825	0	786	0	786	0
Equity securities international companies	8,735	0	8,735	0	9,752	0	9,752	0
Debt securities corporate	690	0	690	0	470	0	470	0
Debt securities government	779	0	779	0	940	0	940	0
Money market instruments	1,635	0	1,635	0	1,720	0	1,720	0
Cash and cash equivalents	333	0	333	0	278	0	278	0
Property	4,166	0	4,166	0	3,903	0	3,903	0
Insurance contract	9,788	0	9,788	0	9,492	0	9,492	0
	\$ 108,177	\$ 81,226	\$ 26,951	\$ 0	\$ 103,364	\$ 76,023	\$ 27,341	\$ 0

The valuation methodologies used to develop the fair value measurements for the investments in the table above are outlined below. There have been no changes in the valuation techniques used to value the investments.

Equity securities are valued at the closing price reported on a national exchange.

Corporate and government debt securities are composed of bond funds that are priced daily.

Cash and cash equivalents are valued at cost.

The insurance contracts are funds deposited with an insurance company and are stated at an amount equal to the sum of all amounts deposited less the sum of all amounts withdrawn, adjusted for investment return.

The pooled investment funds are priced daily. The underlying assets that are invested in equity securities, as well as corporate and government debt securities are listed on a recognized exchange. The underlying assets that are invested in property are valued

monthly by an independent property management firm.

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)*

Cash Flows For foreign pension plans, NewMarket expects to contribute \$6 million to the plans in 2012. We expect to contribute approximately \$200 thousand to the Canadian postretirement benefit plan. The expected benefit payments for the next ten years are as follows:

	Expected Pension Benefit Payments	Expected Postretirement Benefit Payments
2012	\$ 3,444	\$ 206
2013	4,179	139
2014	3,284	145
2015	4,142	150
2016	3,783	154
2017 through 2021	20,519	789

20. Other Expense, Net

Other expense, net was \$18 million in 2011, \$10 million in 2010, and \$11 million in 2009, primarily representing a loss on the Goldman Sachs interest rate swap derivative instrument recorded at fair value. See Note 16 for additional information on the interest rate swap.

21. Gains and Losses on Foreign Currency

Transactions conducted in a foreign currency resulted in a net loss of \$2 million in 2011, as well as 2010, and \$8 million in 2009. These amounts are reported in cost of sales.

22. Income Tax Expense

Our income before income taxes, as well as the provision for income taxes, follows:

	Years Ended December 31		
	2011	2010	2009
Income before income tax expense			
Domestic	\$ 198,153	\$ 149,640	\$ 184,217
Foreign	105,564	110,356	55,159
	\$ 303,717	\$ 259,996	\$ 239,376
Income tax expense			
Current income taxes			
Federal	\$ 55,909	\$ 45,658	\$ 51,374
State	9,996	4,470	5,337
Foreign	28,530	30,810	16,125
	94,435	80,938	72,836

Deferred income taxes			
Federal	1,380	1,319	4,768
State	230	62	(1,901)
Foreign	765	552	1,390
	2,375	1,933	4,257
Total income tax expense	\$ 96,810	\$ 82,871	\$ 77,093

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)*

The reconciliation of the U.S. federal statutory rate to the effective income tax rate follows:

	% of Income Before Income Tax Expense		
	2011	2010	2009
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax	1.9	1.4	1.8
Foreign operations	(2.0)	(1.8)	(0.6)
Impact of rate changes on deferred taxes	0.0	(0.1)	(0.7)
Research tax credit	(0.7)	(0.7)	(0.8)
Domestic manufacturing tax benefit	(2.4)	(1.4)	(2.0)
Other items and adjustments	0.1	(0.5)	(0.5)
Effective income tax rate	31.9%	31.9%	32.2%

For those foreign subsidiaries that we have not determined their undistributed earnings to be indefinitely reinvested and based on available foreign tax credits and current U.S. income tax rates, we believe that we have adequately provided for any additional U.S. taxes that would be incurred when one of these foreign subsidiaries returns its earnings in cash to the United States.

Certain foreign operations have a U.S. tax impact due to our election to include their earnings in our federal income tax return.

Our deferred income tax assets and liabilities follow.

	December 31	
	2011	2010
Deferred income tax assets		
Future employee benefits	\$ 45,502	\$ 37,931
Environmental and future shutdown reserves	7,751	7,977
Loss on derivatives	15,466	10,176
Trademark expenses	4,911	4,590
Foreign currency translation adjustments	4,713	2,800
Litigation accruals	1,289	1,474
Financed intangible asset	1,779	1,521
Other	3,465	2,034
	84,876	68,503
Deferred income tax liabilities		
Depreciation and amortization	25,664	21,646
Intangibles	5,067	8,272
Inventory valuation and related reserves	2,851	2,836
Undistributed earnings of foreign subsidiaries	4,995	4,073
Other	3,233	2,826
	41,810	39,653

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Net deferred income tax assets	\$ 43,066	\$ 28,850
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Reconciliation to financial statements

Deferred income tax assets current	\$ 7,261	\$ 6,876
Deferred income tax assets noncurrent	35,805	21,974

Net deferred income tax assets	\$ 43,066	\$ 28,850
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Our deferred taxes are in a net asset position at December 31, 2011. Based on current forecast operating plans and historical profitability, we believe that we will recover nearly the full benefit of our deferred tax assets and have, therefore, recorded an immaterial valuation allowance at a foreign subsidiary.

A reconciliation of the beginning and ending balances of the unrecognized tax benefits from uncertain positions is as follows:

Balance at January 1, 2009	\$ 2,391
Additions for tax positions of prior years	200
Reductions as a result of settlements with tax authorities	(1,474)
Decreases for tax positions of prior years	(200)
Balance at December 31, 2009	917
Additions for tax positions of prior years	333
Reductions as a result of settlements with tax authorities	(200)
Decreases for tax positions of prior years	(317)
Balance at December 31, 2010	733
Additions for tax positions of prior years	200
Reductions as a result of settlements with tax authorities	(200)
Decreases for tax positions of prior years	(133)
Balance at December 31, 2011	\$ 600

All of the balance at December 31, 2011, if recognized, would affect our effective tax rate.

During the year ended December 31, 2011, we reduced the accrued interest associated with uncertain tax positions by an immaterial amount, resulting in net accrued interest of approximately \$45 thousand. During the year ended December 31, 2010, we reduced the accrued interest associated with uncertain tax positions by an immaterial amount, resulting in a net accrued interest of approximately \$50 thousand. During the year ended December 31, 2009, we reduced the accrued interest associated with uncertain tax positions by approximately \$250 thousand, resulting in a net accrued interest of approximately \$50 thousand. We recognize accrued interest and penalties associated with uncertain tax positions as part of income tax expense on our Consolidated Statements of Income.

We expect the amount of unrecognized tax benefits to change in the next twelve months; however, we do not expect the change to have a material impact on our financial statements.

Our U.S. subsidiaries join in the filing of a U.S. federal consolidated income tax return. We are no longer subject to U.S. federal income tax examinations for years before 2008. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from three to five years. Years still open to examination by foreign tax authorities in major jurisdictions include: the United Kingdom (2008 and forward); Singapore (2011 and forward); Japan (2008 and forward); Belgium (2008 and forward); and Canada (2004 and forward). We are currently under examination in various U.S. state and foreign jurisdictions.

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***23. Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss**

The pre-tax, tax, and after-tax effects related to the adjustments in accumulated other comprehensive loss follow.

	Foreign Currency Translation Adjustments	Pension Plans and Other Postretirement Benefits Adjustments	Accumulated Derivative Gain (Loss)	Marketable Securities	Accumulated Other Comprehensive Loss
December 31, 2008	\$ (29,881)	\$ (63,568)	\$ (2,301)	\$ 0	\$ (95,750)
Adjustments	20,008	0	(583)	0	
Prior service cost arising during the period	0	(56)	0	0	
Amortization of prior service cost included in net periodic pension cost	0	375	0	0	
Net prior service cost	0	319	0	0	
Actuarial net gain arising during the period	0	633	0	0	
Amortization of actuarial net loss included in net periodic pension cost	0	3,696	0	0	
Settlement loss	0	241	0	0	
Actuarial net gain	0	4,570	0	0	
Amortization of transition obligation included in net periodic pension cost	0	12	0	0	
Tax (expense) benefit	(2,192)	(1,388)	220	0	
Other comprehensive income (loss)	17,816	3,513	(363)	0	20,966
December 31, 2009	(12,065)	(60,055)	(2,664)	0	(74,784)
Adjustments	(5,955)	0	(2,434)	0	
Prior service cost arising during the period	0	(1,242)	0	0	
Amortization of prior service cost included in net periodic pension cost	0	387	0	0	
Net prior service cost	0	(855)	0	0	
Actuarial net gain arising during the period	0	9,892	0	0	
Amortization of actuarial net loss included in net periodic pension cost	0	4,225	0	0	
Actuarial net gain	0	14,117	0	0	
Amortization of transition obligation in net periodic pension cost	0	15	0	0	

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Tax (expense) benefit	(87)	(4,784)	947	0	
Other comprehensive income (loss)	(6,042)	8,493	(1,487)	0	964
December 31, 2010	(18,107)	(51,562)	(4,151)	0	(73,820)
Adjustments	(395)	0	(958)	590	
Amortization of prior service cost included in net periodic pension cost	0	398	0	0	
Actuarial net loss arising during the period	0	(44,629)	0	0	
Amortization of actuarial net loss included in net periodic pension cost	0	3,745	0	0	
Actuarial net loss	0	(40,884)	0	0	
Amortization of transition obligation included in net periodic pension cost	0	53	0	0	
Tax (expense) benefit	558	15,579	373	(226)	
Other comprehensive income (loss)	163	(24,854)	(585)	364	(24,912)
December 31, 2011	\$ (17,944)	\$ (76,416)	\$ (4,736)	\$ 364	\$ (98,732)

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***24. Segment and Geographic Area Information**

Segment Information The tables below show our consolidated segment results. The All other category includes the operations of the TEL business, as well as certain contract manufacturing performed by Ethyl.

The accounting policies of the segments are the same as those described in Note 1. We evaluate the performance of the petroleum additives business based on segment operating profit. NewMarket Services departments and other expenses are billed to Afton and Ethyl based on the services provided under the holding company structure. Depreciation on segment property, plant, and equipment, as well as amortization of segment intangible assets is included in segment operating profit. No transfers occurred between the petroleum additives segment, the real estate development segment or the All other category during the periods presented. The table below reports revenue and operating profit by segment, as well as a reconciliation to income before income taxes for the last three years.

	2011	2010	2009
Revenue			
Petroleum additives	\$ 2,126,444	\$ 1,774,372	\$ 1,518,138
Real estate development	11,431	11,316	0
All other	11,683	11,704	11,984
Consolidated revenue (a)	\$ 2,149,558	\$ 1,797,392	\$ 1,530,122
Segment operating profit			
Petroleum additives			
Petroleum additives before gain on legal settlement, net	\$ 309,626	\$ 299,053	\$ 279,800
Gain on legal settlement, net (b)	38,656	0	0
Total petroleum additives	348,282	299,053	279,800
Real estate development	7,042	7,000	(391)
All other	2,861	2,403	(57)
Segment operating profit	358,185	308,456	279,352
Corporate, general, and administrative expenses	(16,709)	(20,330)	(17,033)
Interest and financing expenses, net	(18,820)	(17,261)	(11,716)
Loss on interest rate swap agreement (c)	(17,516)	(10,324)	(11,440)
Other (expense) income, net	(1,423)	(545)	213
Income before income tax expense	\$ 303,717	\$ 259,996	\$ 239,376

- (a) Net sales to one customer of our petroleum additives segment exceeded 10% of consolidated revenue in 2011, 2010, and 2009. Sales to Royal Dutch Shell plc and its affiliates (Shell) amounted to \$246 million (11% of consolidated revenue) in 2011, \$217 million (12% of consolidated revenue) in 2010, and \$232 million (15% of consolidated revenue) in 2009. These sales represent a wide-range of products sold to this customer in multiple regions of the world.
- (b) For 2011, the petroleum additives segment includes a net gain of \$38.7 million related to a legal settlement. See Note 18 for additional information.
- (c) The loss on the interest rate swap agreement represents the change, since the beginning of the reporting period, in the fair value of an interest rate swap which we entered into on June 25, 2009. We are not using hedge accounting to record the interest rate swap, and accordingly, any change in the fair value is immediately recognized in earnings.

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The following table shows asset information by segment and the reconciliation to consolidated assets. Segment assets consist of accounts receivable, inventory, and long-lived assets. Long-lived assets in the table below include property, plant, and equipment, net of depreciation, as well as intangible assets and certain other assets, both net of amortization.

	2011	2010	2009
Segment assets			
Petroleum additives	\$ 854,134	\$ 768,814	\$ 613,852
Real estate development	109,162	112,385	113,125
All other	14,125	17,246	17,633
	977,421	898,445	744,610
Cash and cash equivalents	50,370	49,192	151,831
Short-term investments	0	300	300
Other accounts receivable	173	5,906	379
Deferred income taxes	43,066	28,850	38,788
Prepaid expenses	36,943	15,358	38,975
Non-segment property, plant and equipment, net	24,791	23,315	23,951
Prepaid pension cost	11,494	8,597	2,430
Other assets and deferred charges	47,404	32,778	23,928
Total assets	\$ 1,191,662	\$ 1,062,741	\$ 1,025,192
Additions to long-lived assets			
Petroleum additives	\$ 50,760	\$ 42,908	\$ 37,173
Real estate development	0	2,046	53,030
All other	30	51	25
Corporate	2,725	1,631	405
Total additions to long-lived assets	\$ 53,515	\$ 46,636	\$ 90,633
Depreciation and amortization			
Petroleum additives	\$ 36,604	\$ 32,454	\$ 30,098
Real estate development	4,091	4,065	0
All other	112	98	94
Corporate	2,545	2,517	2,628
Total depreciation and amortization	\$ 43,352	\$ 39,134	\$ 32,820

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)*

Geographic Area Information The table below reports revenue, total assets, and long-lived assets by geographic area. Long-lived assets in the table below include property, plant, and equipment, net of depreciation. No country, except for the United States, exceeded 10% of consolidated revenue or long-lived assets in any year. NewMarket assigns revenues to geographic areas based on the location to which the product was shipped.

	2011	2010	2009
Revenue			
United States	\$ 767,715	\$ 650,781	\$ 604,592
Foreign	1,381,843	1,146,611	925,530
Consolidated revenue	\$ 2,149,558	\$ 1,797,392	\$ 1,530,122
Total assets			
United States	\$ 634,939	\$ 590,216	\$ 637,227
Foreign	556,723	472,525	387,965
Total assets	\$ 1,191,662	\$ 1,062,741	\$ 1,025,192
Long-lived assets			
United States	\$ 256,998	\$ 255,785	\$ 256,901
Foreign	95,968	78,191	45,514
Total long-lived assets	\$ 352,966	\$ 333,976	\$ 302,415

25. Selected Quarterly Consolidated Financial Data (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Total revenue	\$ 508,083	\$ 578,523	\$ 557,396	\$ 505,556
Gross profit	\$ 140,964	\$ 147,796	\$ 145,196	\$ 125,071
Net income	\$ 49,589	\$ 52,259	\$ 71,361	\$ 33,698
Basic earnings per share				
Net income	\$ 3.57	\$ 3.77	\$ 5.22	\$ 2.51
Diluted earnings per share				
Net income	\$ 3.57	\$ 3.77	\$ 5.22	\$ 2.51
Shares used to compute basic earnings per share	13,890	13,852	13,680	13,405
Shares used to compute diluted earnings per share	13,906	13,856	13,680	13,405
2010				
Total revenue	\$ 395,126	\$ 469,841	\$ 471,777	\$ 460,648
Gross profit	\$ 120,408	\$ 132,201	\$ 135,922	\$ 126,928
Net income	\$ 42,138	\$ 39,856	\$ 45,719	\$ 49,412
Basic earnings per share				

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Net income	\$ 2.79	\$ 2.69	\$ 3.19	\$ 3.48
Diluted earnings per share				
Net income	\$ 2.78	\$ 2.69	\$ 3.18	\$ 3.47
Shares used to compute basic earnings per share	15,118	14,796	14,353	14,209
Shares used to compute diluted earnings per share	15,154	14,828	14,383	14,235

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Notes to Consolidated Financial Statements

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

26. Consolidating Financial Information

The 7.125% senior notes (senior notes) due 2016 are guaranteed by certain of our subsidiaries (Guarantor Subsidiaries) on a joint and several unsecured senior basis. The senior notes include a provision which allows for a Guarantor Subsidiary to be released of any obligation under the subsidiary guarantee under certain conditions. Those conditions include the sale or other disposition of all or substantially all of the Guarantor Subsidiary's assets. The Guarantor Subsidiaries include all of our existing and future 100% owned domestic restricted subsidiaries. The Guarantor Subsidiaries and the subsidiaries that do not guarantee the senior notes (the Non-Guarantor Subsidiaries) are 100% owned by NewMarket Corporation (the Parent Company). The Guarantor Subsidiaries consist of the following:

Ethyl Corporation	Afton Chemical Corporation
Ethyl Asia Pacific LLC	Afton Chemical Asia Pacific LLC
Ethyl Canada Holdings, Inc.	Afton Chemical Canada Holdings, Inc.
Ethyl Export Corporation	Afton Chemical Japan Holdings, Inc.
Ethyl Interamerica Corporation	Afton Chemical Additives Corporation
Ethyl Ventures, Inc.	NewMarket Services Corporation
Interamerica Terminals Corporation	The Edwin Cooper Corporation
Afton Chemical Intangibles LLC	Old Town LLC
NewMarket Investment Company	NewMarket Development Corporation
Foundry Park I, LLC	Foundry Park II, LLC
Gamble's Hill, LLC	Gamble's Hill Lab, LLC
Gamble's Hill Landing, LLC	Gamble's Hill Third Street, LLC
Gamble's Hill Tredegar, LLC	

We conduct all of our business through and derive essentially all of our income from our subsidiaries. Therefore, our ability to make payments on the senior notes or other obligations is dependent on the earnings and the distribution of funds from our subsidiaries. There are no restrictions on the ability of any of our domestic subsidiaries to transfer funds to the Parent Company.

The following sets forth the Consolidating Statements of Income for the years ended December 31, 2011, December 31, 2010, and December 31, 2009; Consolidating Balance Sheets as of December 31, 2011 and December 31, 2010; and Condensed Consolidating Statements of Cash Flows for the years ended December 31, 2011, December 31, 2010, and December 31, 2009 for the Parent Company, the Guarantor Subsidiaries and Non-Guarantor Subsidiaries. The financial information is based on our understanding of the SEC's interpretation and application of Rule 3-10 of the SEC Regulation S-X.

The financial information may not necessarily be indicative of results of operations or financial position had the Guarantor Subsidiaries or Non-Guarantor Subsidiaries operated as independent entities. The Parent Company accounts for investments in these subsidiaries using the equity method.

During 2011, we made an adjustment to the presentation of previously reported amounts for intercompany activity on the Condensed Consolidating Statements of Cash Flows. This adjustment did not have an impact on the reported consolidated financial statements for the years ended December 31, 2011, December 31, 2010, or December 31, 2009.

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Consolidating Statements of Income****Year Ended December 31, 2011**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Revenue:					
Net sales product	\$ 0	\$ 842,294	\$ 1,295,833	\$ 0	\$ 2,138,127
Rental revenue	0	11,431	0	0	11,431
	0	853,725	1,295,833	0	2,149,558
Costs:					
Cost of goods sold product	0	460,240	1,125,905	0	1,586,145
Cost of rental	0	4,386	0	0	4,386
	0	464,626	1,125,905	0	1,590,531
Gross profit	0	389,099	169,928	0	559,027
Selling, general, and administrative expenses	6,159	108,970	36,473	0	151,602
Research, development, and testing expenses	0	77,569	27,927	0	105,496
Gain on legal settlement, net	0	38,656	0	0	38,656
Operating (loss) profit	(6,159)	241,216	105,528	0	340,585
Interest and financing expenses, net	14,398	1,266	3,156	0	18,820
Other (expense) income, net	(18,558)	1,885	(1,375)	0	(18,048)
(Loss) income before income taxes and equity income of subsidiaries	(39,115)	241,835	100,997	0	303,717
Income tax (benefit) expense	(15,400)	83,348	28,862	0	96,810
Equity income of subsidiaries	230,622	0	0	(230,622)	0
Net income	\$ 206,907	\$ 158,487	\$ 72,135	\$ (230,622)	\$ 206,907

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Consolidating Statements of Income****Year Ended December 31, 2010**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Revenue:					
Net sales product	\$ 0	\$ 744,288	\$ 1,041,788	\$ 0	\$ 1,786,076
Rental revenue	0	11,316	0	0	11,316
	0	755,604	1,041,788	0	1,797,392
Costs:					
Cost of goods sold product	0	396,483	881,022	0	1,277,505
Cost of rental	0	4,428	0	0	4,428
	0	400,911	881,022	0	1,281,933
Gross profit	0	354,693	160,766	0	515,459
Selling, general, and administrative expenses	5,310	101,495	30,162	0	136,967
Research, development, and testing expenses	0	69,914	21,274	0	91,188
Operating (loss) profit	(5,310)	183,284	109,330	0	287,304
Interest and financing expenses, net	12,871	2,032	2,358	0	17,261
Other (expense) income, net	(10,586)	(93)	632	0	(10,047)
(Loss) income before income taxes and equity income of subsidiaries	(28,767)	181,159	107,604	0	259,996
Income tax (benefit) expense	(11,635)	62,580	31,926	0	82,871
Equity income of subsidiaries	194,257	0	0	(194,257)	0
Net income	\$ 177,125	\$ 118,579	\$ 75,678	\$ (194,257)	\$ 177,125

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Consolidating Statements of Income****Year Ended December 31, 2009**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Revenue:					
Net sales product	\$ 0	\$ 845,285	\$ 684,837	\$ 0	\$ 1,530,122
Rental revenue	0	0	0	0	0
	0	845,285	684,837	0	1,530,122
Costs:					
Cost of goods sold product	0	455,484	611,378	0	1,066,862
Cost of rental	0	0	0	0	0
	0	455,484	611,378	0	1,066,862
Gross profit	0	389,801	73,459	0	463,260
Selling, general, and administrative expenses	4,886	95,978	14,036	0	114,900
Research, development, and testing expenses	0	67,356	18,716	0	86,072
Operating (loss) profit	(4,886)	226,467	40,707	0	262,288
Interest and financing expenses (income), net	12,085	(550)	181	0	11,716
Other (expense) income, net	(11,398)	85	117	0	(11,196)
(Loss) income before income taxes and equity income of subsidiaries	(28,369)	227,102	40,643	0	239,376
Income tax (benefit) expense	(12,676)	76,673	13,096	0	77,093
Equity income of subsidiaries	177,976	0	0	(177,976)	0
Net income	\$ 162,283	\$ 150,429	\$ 27,547	\$ (177,976)	\$ 162,283

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Consolidating Balance Sheets****December 31, 2011**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
ASSETS					
Cash and cash equivalents	\$ 17	\$ 9,653	\$ 40,700	\$ 0	\$ 50,370
Trade and other accounts receivable, net	0	122,812	164,432	(8,912)	278,332
Amounts due from affiliated companies	732,392	1,057,075	17,132	(1,806,599)	0
Inventories	0	106,278	200,507	0	306,785
Deferred income taxes	2,790	3,836	635	0	7,261
Prepaid expenses and other current assets	8,629	25,967	2,387	0	36,983
Total current assets	743,828	1,325,621	425,793	(1,815,511)	679,731
Amounts due from affiliated companies	0	110,444	0	(110,444)	0
Property, plant and equipment, at cost	0	815,209	219,263	0	1,034,472
Less accumulated depreciation and amortization	0	558,177	123,329	0	681,506
Net property, plant, and equipment	0	257,032	95,934	0	352,966
Investment in consolidated subsidiaries	989,039	0	0	(989,039)	0
Prepaid pension cost	0	0	11,494	0	11,494
Deferred income taxes	43,053	0	0	(7,248)	35,805
Other assets and deferred charges	42,219	29,166	2,234	0	73,619
Intangibles (net of amortization) and goodwill	0	30,758	7,289	0	38,047
Total assets	\$ 1,818,139	\$ 1,753,021	\$ 542,744	\$ (2,922,242)	\$ 1,191,662
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accounts payable	\$ 11	\$ 61,778	\$ 41,428	\$ 0	\$ 103,217
Accrued expenses	8,093	50,827	19,626	0	78,546
Dividends payable	8,529	0	0	0	8,529
Book overdraft	0	1,680	0	0	1,680
Amounts due to affiliated companies	944,282	818,452	43,865	(1,806,599)	0
Long-term debt, current portion	0	2,943	8,023	0	10,966
Income taxes payable	12,229	0	9,769	(8,912)	13,086
Total current liabilities	973,144	935,680	122,711	(1,815,511)	216,024
Long-term debt	172,000	60,601	0	0	232,601
Amounts due to affiliated companies	0	8,025	102,419	(110,444)	0
Other noncurrent liabilities	123,402	51,663	25,627	(7,248)	193,444

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Total liabilities	1,268,546	1,055,969	250,757	(1,933,203)	642,069
Shareholders' equity:					
Common stock and paid in capital	64	388,282	71,322	(459,604)	64
Accumulated other comprehensive loss	(98,732)	(20,355)	(34,554)	54,909	(98,732)
Retained earnings	648,261	329,125	255,219	(584,344)	648,261
Total shareholders' equity	549,593	697,052	291,987	(989,039)	549,593
Total liabilities and shareholders' equity	\$ 1,818,139	\$ 1,753,021	\$ 542,744	\$ (2,922,242)	\$ 1,191,662

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Consolidating Balance Sheets****December 31, 2010**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
ASSETS					
Cash and cash equivalents	\$ 17	\$ 7,717	\$ 41,458	\$ 0	\$ 49,192
Short-term investments	300	0	0	0	300
Trade and other accounts receivable, net	4,264	102,158	152,269	(943)	257,748
Amounts due from affiliated companies	0	135,736	35,974	(171,710)	0
Inventories	0	95,383	177,832	0	273,215
Deferred income taxes	2,805	3,332	739	0	6,876
Prepaid expenses and other current assets	5,455	7,746	2,243	0	15,444
Total current assets	12,841	352,072	410,515	(172,653)	602,775
Amounts due from affiliated companies	0	57,470	0	(57,470)	0
Property, plant and equipment, at cost	0	787,721	200,459	0	988,180
Less accumulated depreciation and amortization	0	535,241	118,963	0	654,204
Net property, plant, and equipment	0	252,480	81,496	0	333,976
Investment in consolidated subsidiaries	765,787	0	0	(765,787)	0
Prepaid pension cost	0	660	7,937	0	8,597
Deferred income taxes	33,142	0	0	(11,168)	21,974
Other assets and deferred charges	28,157	19,052	1,684	0	48,893
Intangibles (net of amortization) and goodwill	0	36,795	9,731	0	46,526
Total assets	\$ 839,927	\$ 718,529	\$ 511,363	\$ (1,007,078)	\$ 1,062,741
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accounts payable	\$ 219	\$ 68,042	\$ 40,989	\$ 0	\$ 109,250
Accrued expenses	11,253	41,535	18,770	0	71,558
Dividends payable	5,304	0	0	0	5,304
Book overdraft	0	1,063	0	0	1,063
Amounts due to affiliated companies	88,850	0	82,860	(171,710)	0
Long-term debt, current portion	0	2,875	1,494	0	4,369
Income taxes payable	0	0	15,786	(943)	14,843
Total current liabilities	105,626	113,515	159,899	(172,653)	206,387
Long-term debt	154,000	63,544	0	0	217,544
Amounts due to affiliated companies	0	0	57,470	(57,470)	0

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Other noncurrent liabilities	88,661	48,331	21,346	(11,168)	147,170
Total liabilities	348,287	225,390	238,715	(241,291)	571,101
Shareholders' equity:					
Common stock and paid in capital	0	385,870	73,734	(459,604)	0
Accumulated other comprehensive loss	(73,820)	(14,159)	(35,900)	50,059	(73,820)
Retained earnings	565,460	121,428	234,814	(356,242)	565,460
Total shareholders' equity	491,640	493,139	272,648	(765,787)	491,640
Total liabilities and shareholders' equity	\$ 839,927	\$ 718,529	\$ 511,363	\$ (1,007,078)	\$ 1,062,741

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Condensed Consolidating Statements of Cash Flows****Year Ended December 31, 2011**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Cash provided from (used in) operating activities	\$ (16,646)	\$ 148,723	\$ 52,521	\$ 0	\$ 184,598
Cash flows from investing activities					
Capital expenditures	0	(25,190)	(28,325)	0	(53,515)
Deposits for interest rate swap	(46,467)	0	0	0	(46,467)
Return of deposits for interest rate swap	33,600	0	0	0	33,600
Payments on settlement of interest rate swap	(5,148)	0	0	0	(5,148)
Receipts from settlement of interest rate swap	274	0	0	0	274
Proceeds from sale of short-term investment	300	0	0	0	300
Cash dividends from subsidiaries	2,520	30,228	0	(32,748)	0
Cash provided from (used in) investing activities	(14,921)	5,038	(28,325)	(32,748)	(70,956)
Cash flows from financing activities					
Net borrowings (repayments) under revolving credit agreement	18,000	0	0	0	18,000
Repayment on Foundry Park I mortgage loan	0	(2,731)	0	0	(2,731)
Net borrowings under lines of credit	0	0	6,529	0	6,529
Repurchases of common stock	(98,093)	0	0	0	(98,093)
Dividends paid	(32,588)	(2,520)	(30,228)	32,748	(32,588)
Debt issuance costs	(3,233)	0	0	0	(3,233)
Proceeds from exercise of stock options	70	0	0	0	70
Excess tax benefits from stock-based payment arrangements	1,102	0	0	0	1,102
Payments on the capital lease	0	(144)	0	0	(144)
Financing from affiliated companies	146,309	(146,309)	0	0	0
Cash provided from (used in) financing activities	31,567	(151,704)	(23,699)	32,748	(111,088)
Effect of foreign exchange on cash and cash equivalents	0	(121)	(1,255)	0	(1,376)
Increase (decrease) in cash and cash equivalents	0	1,936	(758)	0	1,178
Cash and cash equivalents at beginning of year	17	7,717	41,458	0	49,192
Cash and cash equivalents at end of year	\$ 17	\$ 9,653	\$ 40,700	\$ 0	\$ 50,370

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Condensed Consolidating Statements of Cash Flows****Year Ended December 31, 2010**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Cash provided from (used in) operating activities	\$ 52,328	\$ 96,995	\$ 14,724	\$ 0	\$ 164,047
Cash flows from investing activities					
Capital expenditures	0	(20,804)	(15,602)	0	(36,406)
Deposits for interest rate swap	(44,072)	0	0	0	(44,072)
Return of deposits for interest rate swap	36,180	0	0	0	36,180
Payments on settlement of interest rate swap	(2,574)	0	0	0	(2,574)
Receipts from settlement of interest rate swap	266	0	0	0	266
Acquisition of business (net of cash acquired of \$1.8 million in 2010)	0	0	(41,300)	0	(41,300)
Cash dividends from subsidiaries	2,800	12,111	0	(14,911)	0
Cash provided from (used in) investing activities	(7,400)	(8,693)	(56,902)	(14,911)	(87,906)
Cash flows from financing activities					
Net borrowings (repayments) under revolving credit agreement	4,000	0	0	0	4,000
Repayment on Foundry Park I mortgage loan	0	(2,125)	0	0	(2,125)
Net borrowings under lines of credit	0	0	1,494	0	1,494
Repayment of Foundry Park I construction loan	0	(99,102)	0	0	(99,102)
Borrowing under Foundry Park I mortgage loan	0	68,400	0	0	68,400
Repurchases of common stock	(121,517)	0	0	0	(121,517)
Dividends paid	(22,608)	(2,800)	(12,111)	14,911	(22,608)
Debt issuance costs	(2,468)	(1,524)	0	0	(3,992)
Proceeds from exercise of stock options	91	0	0	0	91
Excess tax benefits from stock-based payment arrangements	0	711	0	0	711
Payments on the capital lease	0	(835)	0	0	(835)
Payment for financed intangible asset	0	(1,000)	0	0	(1,000)
Issuance of intercompany note payable	0	(43,807)	43,807	0	0
Repayment of intercompany note payable	0	(950)	950	0	0
Financing from affiliated companies	57,583	(57,583)	0	0	0
Cash provided from (used in) financing activities	(84,919)	(140,615)	34,140	14,911	(176,483)
Effect of foreign exchange on cash and cash equivalents	0	(2,173)	(124)	0	(2,297)
Increase (decrease) in cash and cash equivalents	(39,991)	(54,486)	(8,162)	0	(102,639)

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Cash and cash equivalents at beginning of year	40,008	62,203	49,620	0	151,831
Cash and cash equivalents at end of year	\$ 17	\$ 7,717	\$ 41,458	\$ 0	\$ 49,192

Table of Contents**Notes to Consolidated Financial Statements***(tabular amounts in thousands, except per-share amounts)***NewMarket Corporation and Subsidiaries****Condensed Consolidating Statements of Cash Flows****Year Ended December 31, 2009**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Consolidating Adjustments	Consolidated
Cash provided from (used in) operating activities	\$ (86,987)	\$ 256,789	\$ 55,873	\$ 0	\$ 225,675
Cash flows from investing activities					
Capital expenditures	0	(70,211)	(18,922)	0	(89,133)
Deposits for interest rate swap	(38,730)	0	0	0	(38,730)
Return of deposits for interest rate swap	23,460	0	0	0	23,460
Deposits for interest rate lock agreement	0	(5,000)	0	0	(5,000)
Return of deposits for interest rate lock agreement	0	15,500	0	0	15,500
Purchase of short-term investment	(300)	0	0	0	(300)
Foundry Park I deferred leasing costs	0	(1,500)	0	0	(1,500)
Cash dividends from subsidiaries	221,950	10,796	0	(232,746)	0
Cash provided from (used in) investing activities	206,380	(50,415)	(18,922)	(232,746)	(95,703)
Cash flows from financing activities					
Net borrowings (repayments) under revolving credit agreement	(41,900)	0	0	0	(41,900)
Draws on Foundry Park I construction loan	0	55,603	0	0	55,603
Dividends paid	(16,347)	(221,950)	(10,796)	232,746	(16,347)
Debt issuance costs	(465)	0	0	0	(465)
Proceeds from exercise of stock options	40	0	0	0	40
Payments on the capital lease	0	(784)	0	0	(784)
Payment for financed intangible asset	0	(1,000)	0	0	(1,000)
Issuance of intercompany note payable	0	(13,402)	13,402	0	0
Repayment of intercompany note payable	0	13,236	(13,236)	0	0
Financing from affiliated companies	(20,713)	20,713	0	0	0
Cash provided from (used in) financing activities	(79,385)	(147,584)	(10,630)	232,746	(4,853)
Effect of foreign exchange on cash and cash equivalents	0	(995)	5,946	0	4,951
Increase (decrease) in cash and cash equivalents	40,008	57,795	32,267	0	130,070
Cash and cash equivalents at beginning of year	0	4,408	17,353	0	21,761
Cash and cash equivalents at end of year	\$ 40,008	\$ 62,203	\$ 49,620	\$ 0	\$ 151,831

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Notes to Consolidated Financial Statements

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

27. Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2011-08, Intangibles—Goodwill and Other (Topic 350)—Testing Goodwill for Impairment (ASU 2011-08). ASU 2011-08 simplifies goodwill impairment testing by allowing an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity is no longer required to determine the fair amount of a reporting unit unless it is more likely than not that the fair value is less than carrying value. ASU 2011-08 is effective for interim and annual periods beginning after December 15, 2011. Early adoption is permitted. We are evaluating the provisions of ASU 2011-08 and will apply its provisions in our 2012 annual impairment analysis.

In June 2011, the FASB issued Accounting Standards Update 2011-05, Comprehensive Income (Topic 220)—Presentation of Comprehensive Income (ASU 2011-05). ASU 2011-05 requires that all nonowner changes in stockholders' equity be presented either in a single continuous consolidated statement of comprehensive income or in two separate, but consecutive, consolidated statement of net income and statement of comprehensive income. The option to present comprehensive income as part of the consolidated statement of stockholders' equity has been eliminated. ASU 2011-05 is effective for interim and annual periods beginning after December 15, 2011 and will be applied retrospectively. Subsequently, in December 2011, the FASB issued Accounting Standard Update 2011-12, Comprehensive Income (Topic 220)—Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 (ASU 2011-12). ASU 2011-12 defers certain presentation requirements of ASU 2011-05 to allow further deliberation by the FASB. The remaining requirements of ASU 2011-05 will become effective as originally issued. We will modify our financial statements beginning with our March 31, 2012 Quarterly Report on Form 10-Q to adopt the requirements of ASU 2011-05 and ASU 2011-12.

In May 2011, the FASB issued Accounting Standards Update 2011-04, Fair Value Measurement (Topic 820)—Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). ASU 2011-04 results in common fair value measurement, as well as disclosure requirements, under U.S. GAAP and IFRS. The amendments clarify guidance on measuring fair value, but do not require any additional fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. ASU 2011-04 will not have a significant impact on our financial statements.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
None.

ITEM 9A. CONTROLS AND PROCEDURES
Evaluation of Disclosure Controls and Procedures

We maintain a system of internal control over financial reporting to provide reasonable, but not absolute, assurance of the reliability of the financial records and the protection of assets. Our controls and procedures include written policies and procedures, careful selection and training of qualified personnel, and an internal audit program. We use a third-party firm, separate from our independent registered public accounting firm, to assist with internal audit services.

We work closely with the business groups, operations personnel, and information technology to ensure transactions are recorded properly. Environmental and legal staff are consulted to determine the appropriateness of our environmental and legal liabilities for each reporting period. We regularly review the regulations and rule changes that affect our financial disclosures.

Our disclosure control procedures include signed representation letters from our regional officers, as well as senior management.

We have a Financial Disclosure Committee, which is made up of the president of Afton, the general counsel of NewMarket, and the controller of NewMarket. The committee, as well as regional management, makes representations with regard to the financial statements that, to the best of their knowledge, the report does not contain any misstatement of a material fact or omit a material fact that is necessary to make the statements not misleading with respect to the periods covered by the report.

The committee and the regional management also represent, to the best of their knowledge, that the financial statements and other financial information included in the report fairly present, in all material respects, the financial condition, results of operations and cash flows of the company as of and for the periods presented in the report.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the Exchange Act), we carried out an evaluation, with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e)) under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures are effective.

There has been no change in our internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, during the quarter ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f), under the Securities Exchange Act of 1934.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that:

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

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

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control Integrated Framework, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2011. The effectiveness of our internal control over financial reporting as of December 31, 2011, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

Table of Contents**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item is incorporated by reference to our definitive Proxy Statement for our 2012 annual meeting of shareholders (Proxy Statement) under the headings entitled Election of Directors, Committees of Our Board, Certain Relationships and Related Transactions, and Section 16(a) Beneficial Ownership Reporting Compliance and is included in Part I of this Form 10-K under the heading entitled Executive Officers of the Registrant.

We have adopted a Code of Conduct that applies to our directors, officers, and employees (including our principal executive officer, principal financial officer, and principal accounting officer) and have posted the Code of Conduct on our internet website. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of our Code of Conduct applicable to the principal executive officer, principal financial officer, and principal accounting officer by posting this information on our internet website. Our internet website address is www.newmarket.com.

We have filed, as exhibits to this Annual Report on Form 10-K, the certifications of our principal executive officer and principal financial officer required under Sections 906 and 302 of the Sarbanes Oxley Act of 2002 to be filed with the SEC regarding the quality of our public disclosure.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement under the headings (including the narrative disclosures following a referenced table) entitled Compensation Discussion and Analysis, The Compensation Committee Report, Compensation of Executive Officers, Potential Payments upon Termination or Change in Control, and Compensation of Directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as noted below, the information required by this item is incorporated by reference to our Proxy Statement under the heading Stock Ownership.

The following table presents information as of December 31, 2011 with respect to equity compensation plans under which shares of our common stock are authorized for issuance.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (b)
Equity compensation plans approved by shareholders:			
2004 Incentive Plan	0	\$ 0	1,451,335
1982 Incentive Plan	0	0	0(c)
Equity compensation plans not approved by shareholders (d):	0	0	0
Total	0	\$ 0	1,451,335

- (a) *There are no outstanding options, rights, or warrants.*
- (b) *Amounts exclude any securities to be issued upon exercise of outstanding options.*

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- (c) *The 1982 Incentive Plan was terminated on March 2, 2004. We cannot make any further grants or awards under this plan. All outstanding options at January 1, 2011, were exercised during 2011.*
- (d) *We do not have any equity compensation plans that have not been approved by shareholders.*

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement under the headings entitled Board of Directors and Certain Relationships and Related Transactions.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement under the heading Ratification of Appointment of Independent Registered Public Accounting Firm.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A)(1) Management's Report on the Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Income for each of the three years in the periods ended December 31, 2011, 2010, and 2009

Consolidated Balance Sheets as of December 31, 2011 and 2010

Consolidated Statements of Shareholders' Equity for each of the three years in the periods ended December 31, 2011, 2010, and 2009

Consolidated Statements of Cash Flows for each of the three years in the periods ended December 31, 2011, 2010, and 2009

Notes to Consolidated Financial Statements

(A)(2) Financial Statement Schedules none required

(A)(3) Exhibits

- 3.1 Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Form 10-K (File No. 1-32190) filed March 14, 2005)
- 3.2 NewMarket Corporation Bylaws Amended and Restated effective April 23, 2009 (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 1-32190) filed February 23, 2009)
- 4.1 Indenture, dated as of December 12, 2006, among NewMarket Corporation, the guarantors listed on the signature pages thereto and Wells Fargo Bank, N.A., as trustee, (incorporated by reference to Exhibit 4.2 to Form 8-K (File No. 1-32190) filed December 13, 2006)
- 4.2 First Supplemental Indenture, dated as of February 7, 2007 among NewMarket Corporation, NewMarket Development Corporation, Foundry Park I, LLC, Foundry Park II, LLC, Gamble's Hill, LLC, Gamble's Hill Tredegar, LLC, Gamble's Hill Lab, LLC, Gamble's Hill Landing, LLC and Gamble's Hill Third Street, LLC, and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.8 to Form 10-K (File No. 1-32190) filed February 26, 2007)
- 4.3 Second Supplemental Indenture, dated as of March 19, 2010, among NewMarket Corporation, Polartech Additives, Inc., and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Form 10-Q (File No. 1-32190) filed April 28, 2010)
- 4.4 Third Supplemental Indenture, dated as of January 18, 2011, by and among NewMarket Corporation, the Guarantors listed on the signature pages thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 4.1 to Form 8-K (File No. 1-32190) filed January 19, 2011)
- 4.5 Form of 7.125% Senior Notes due 2016 (Included in Exhibit 4.7) (incorporated by reference to Exhibit 4.3 to Form 8-K (File No. 1-32190) filed December 13, 2006)
- 4.6 Registration Rights Agreement, dated as of December 12, 2006, among NewMarket Corporation, the guarantors listed on the signature pages thereto and Credit Suisse Securities (USA) LLC (incorporated by reference to Exhibit 4.4 to Form 8-K (File No. 1-32190) filed December 13, 2006)
- 10.1 Credit Agreement dated as of November 12, 2010, by and among the Company, the Foreign Subsidiary Borrowers party thereto; the Lenders party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent; J.P. Morgan Securities LLC as Sole Bookrunner and Sole Lead Arranger; and PNC Bank, National Association, Bank of America, N.A. and Citizens Bank of Pennsylvania as Co- Syndication Agents (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 1-32190) filed November 18, 2010)

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- 10.2 International Swap Dealers Association, Inc. Master Agreement dated June 25, 2009, between NewMarket Corporation and Goldman Sachs Bank USA (ISDA Master Agreement) (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 1-32190) filed June 30, 2009)
- 10.3 Schedule to the ISDA Master Agreement dated June 25, 2009 (incorporated by reference to Exhibit 10.2 to Form 8-K (File No. 1-32190) filed June 30, 2009)
- 10.4 Credit Support Annex to the Schedule to the ISDA Master Agreement dated June 25, 2009, between NewMarket Corporation and Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.3 to Form 8-K (File No. 1-32190) filed June 30, 2009)
- 10.5 Deed of Lease Agreement, dated as of January 11, 2007, by and between Foundry Park I, LLC and MeadWestvaco Corporation (incorporated by reference to Exhibit 10.2 to Form 10-K (File No. 1-32190) filed February 26, 2007)
- 10.6 2004 Incentive Compensation and Stock Plan (incorporated by reference to Exhibit 10.4 to Form 10-K (File No. 1-32190) filed March 14, 2005)*
- 10.7 Excess Benefit Plan (incorporated by reference to Exhibit 10.4 to Ethyl Corporation's Form 10-K (File No. 1-5112) filed February 25, 1993)*
- 10.8 Trust Agreement between Ethyl Corporation and Merrill Lynch Trust Company of America (incorporated by reference to Exhibit 4.5 to Ethyl Corporation's Registration Statement on Form S-8 (Registration No. 333-60889) filed August 7, 1998)
- 10.9 NewMarket Corporation and Affiliates Bonus Plan (incorporated by reference to Exhibit 10.9 to Ethyl Corporation's Form 10-K (File No. 1-5112) filed March 14, 2003)*
- 10.10 Indemnification Agreement, dated as of July 1, 2004 by and among NewMarket Corporation, Ethyl Corporation and Afton Chemical Corporation (incorporated by reference to Exhibit 10.5 to Form 10-Q (File No. 1-32190) filed August 5, 2004)
- 10.11 Services Agreement, dated as of July 1, 2004, by and between NewMarket Services Corporation and Afton Chemical Corporation (incorporated by reference to Exhibit 10.2 to Form 10-Q (File No. 1-32190) filed November 5, 2004)
- 10.12 Services Agreement, dated as of July 1, 2004, by and between NewMarket Services Corporation and Ethyl Corporation (incorporated by reference to Exhibit 10.3 to Form 10-Q (File No. 1-32190) filed November 5, 2004)
- 10.13 Services Agreement, dated as of July 1, 2004, by and between NewMarket Services Corporation and NewMarket Corporation (incorporated by reference to Exhibit 10.4 to Form 10-Q (File No. 1-32190) filed November 5, 2004)
- 10.14 Summary of Executive Compensation*
- 10.15 Summary of Directors' Compensation*
- 10.16 NewMarket Corporation Additional Benefit Agreement, dated May 1, 2006, between NewMarket Corporation and C.S. Warren Huang (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 1-32190) filed May 2, 2006)*
- 10.17 Loan Agreement, dated as of January 28, 2010, among the Foundry Park I, LLC, as Borrower, PB (USA) Realty Corporation, as Lender, and PB Capital Corporation, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 1-32190) filed February 4, 2010)
- 10.18 Note, dated January 28, 2010, among the Foundry Park I, LLC, as Borrower, PB (USA) Realty Corporation, as Lender, and PB Capital Corporation, as Administrative Agent (incorporated by reference to Exhibit 10.2 to Form 8-K (File No. 1-32190) filed February 4, 2010)

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10.19	Deed of Trust, Assignment of Leases and Rents and Security Agreements, dated January 28, 2010, among the Foundry Park I, LLC, as Borrower, PB (USA) Realty Corporation, as Lender, and PB Capital Corporation as Administrative Agent (incorporated by reference to Exhibit 10.3 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.20	Assignment of Leases and Rents, dated January 28, 2010, between Foundry Park I, LLC and PB Capital Corporation, as Administrative Agent (incorporated by reference to Exhibit 10.4 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.21	Guaranty of Payment Deed of Trust Loan, dated January 28, 2010, among the Foundry Park I, LLC, as Borrower, PB (USA) Realty Corporation, as Lender, and PB Capital Corporation, as Administrative Agent (incorporated by reference to Exhibit 10.5 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.22	Indemnity Agreement, dated January 29, 2010, between PB Capital Corporation and Foundry Park I, LLC (incorporated by reference to Exhibit 10.6 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.23	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of January 29, 2010, between PB Capital Corporation and Foundry Park I, LLC (incorporated by reference to Exhibit 10.7 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.24	International Swaps and Derivatives Association, Inc. Schedule to the 2002 Master Agreement dated as of January 29, 2010, between PB Capital Corporation and Foundry Park I, LLC (incorporated by reference to Exhibit 10.8 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.25	Swap Transaction Confirmation dated January 29, 2010 (incorporated by reference to Exhibit 10.9 to Form 8-K (File No. 1-32190) filed February 4, 2010)
10.26	Form of Stock Award Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 1-32190) filed October 22, 2010)*
12	Computation of Ratios
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31(a)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Thomas E. Gottwald
31(b)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by David A. Fiorenza
32(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Thomas E. Gottwald
32(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by David A. Fiorenza
101	XBRL Instance Document and Related Items

* Indicates management contracts, compensatory plans or arrangements of the company required to be filed as an exhibit

(B) Exhibits The response to this portion of Item 15 is submitted as a separate section of this Annual Report on Form 10-K.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWMARKET CORPORATION

By: /s/ THOMAS E. GOTTWALD
**(Thomas E. Gottwald, President and
 Chief Executive Officer)**

Dated: February 22, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 22, 2012.

SIGNATURE	TITLE
/s/ BRUCE C. GOTTWALD (Bruce C. Gottwald)	Chairman of the Board, Chairman of the Executive Committee, and Director
/s/ THOMAS E. GOTTWALD (Thomas E. Gottwald)	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ D. A. FIORENZA (David A. Fiorenza)	Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ WAYNE C. DRINKWATER (Wayne C. Drinkwater)	Controller (Principal Accounting Officer)
/s/ PHYLLIS L. COTHRAN (Phyllis L. Cothran)	Director
/s/ MARK M. GAMBILL (Mark M. Gambill)	Director
/s/ PATRICK D. HANLEY (Patrick D. Hanley)	Director
/s/ J. E. ROGERS (James E. Rogers)	Director
/s/ C. B. WALKER	Director

(Charles B. Walker)

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EXHIBIT INDEX

Exhibit 10.14	Summary of Executive Compensation
Exhibit 10.15	Summary of Directors Compensation
Exhibit 12	Computation of Ratios
Exhibit 21	Subsidiaries of the Registrant
Exhibit 23	Consent of Independent Registered Public Accounting Firm
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Exhibit 101	XBRL Instance Document and Related Items