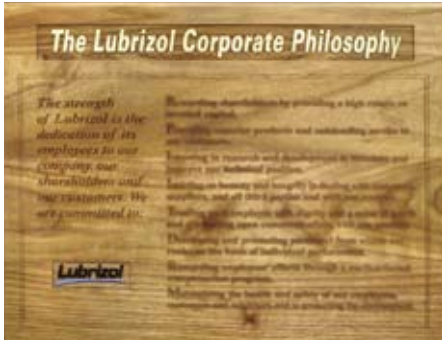




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Corporate philosophy plaques are visible for everyone to see at every Lubrizol facility, worldwide.

## To My Fellow Stakeholders:

When The Lubrizol Corporation's founders joined forces 80 years ago, they established more than just a company. They created a culture; one that values technical innovations, rewards employee efforts and respects the communities the company calls "home." They called it The Lubrizol Corporate Philosophy, and the words still guide us today.

We believe these standards of behavior provide commercial benefits as well as social ones. Our emphasis on personal initiative and straightforward, respectful communication with one another attract employees that thrive in a dynamic, collaborative environment. Our focus on our businesses' customers and our company's shareholders demonstrates the interconnection we know to exist between their successes and our own. And our commitment to local philanthropy reflects our understanding that for us to be a sustainable enterprise, the communities where we reside must be sustainable as well. We believe our philosophy captures principles that are more than just the right things to do. They are what distinguish the great companies from the merely good ones.

I invite you to review this report and learn more about us and our continuing commitment to this philosophy. When you are finished, I hope you will agree that our founders would be as proud of the company they started as I am of the company I lead.

James L. Hambrick  
 Chairman of the Board,  
 President and Chief Executive Officer

## Lubrizol's Corporate Philosophy

**The strength of Lubrizol is the dedication of its employees to our company, our shareholders and our customers.**

**We are committed to:**

- ❖ Rewarding shareholders by providing a high return on invested capital
- ❖ Providing superior products and outstanding services to our customers
- ❖ Investing in research and development to maintain and improve our technical position
- ❖ Insisting on honesty and integrity in dealing with customers, suppliers, all third parties and with one another
- ❖ Treating each employee with dignity and a sense of worth and supporting open communications with one another
- ❖ Developing and promoting personnel from within our ranks on the basis of individual performance
- ❖ Rewarding employees' efforts through a merit-oriented compensation program
- ❖ Maintaining the health and safety of our employees, customers and neighbors and to protecting the environment

## Corporate Profile

The Lubrizol Corporation is a specialty chemical company. You can find our technologies in many of the products you touch every day—from your shampoo to your clothing to your car. Our nearly 80-year history of creating superior products has been built on focused, technical innovation, a strong commitment to our customers and employees, and our underlying corporate philosophy.

The technologies we create include additives for engine oils, transportation-related fluids and industrial lubricants, as well as fuel additives for gasoline and diesel fuel. And the list doesn't end there. We also make ingredients and additives for personal care products and pharmaceuticals, specialty materials (including plastics technology), and performance coatings. Our industry-leading technologies in additives, ingredients and compounds enhance the quality, performance and value of our customers' products, while reducing their environmental impact.

**Founded in 1928**

**Headquarters: Wickliffe, Ohio, USA**

**6,800 employees worldwide**

**Technical Centers in 13 countries**

**Manufacturing locations in 20 countries**



## Corporate Governance

Since our founding, Lubrizol has worked to exemplify the highest standards of ethical behavior. Honesty and integrity are vital to success—and our corporate structure and governance practices align with this belief.

Our Board of Directors comprises nine individuals, eight of which are independent, under the standards of the New York Stock Exchange. The Board has four standing committees:

1. Executive Committee
2. Organization and Compensation Committee
3. Audit Committee
4. Retirement and Savings Plans Investment Committee

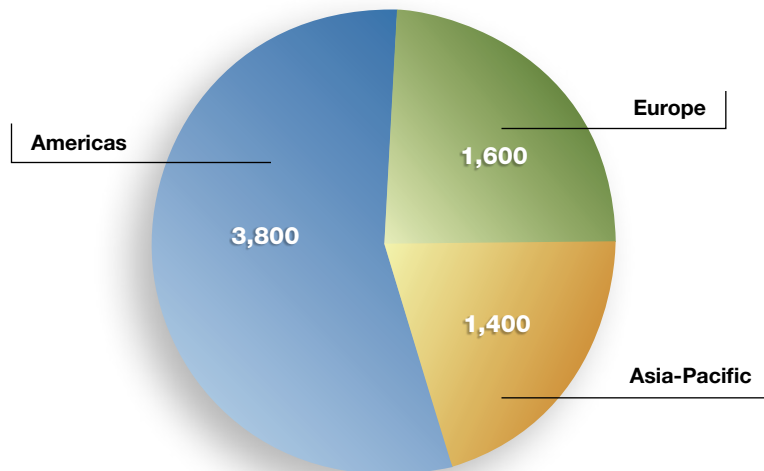
Our Board of Directors Governance Guidelines have directed our governance practices for more than 15 years. The guidelines are accessible through the Corporate Governance section on the Investor Relations page of our Web site at <http://corporate.lubrizol.com/investors/default.asp>. The site also contains more detailed information about the Board of Directors composition and contact information.

## Employees

Our talented teams of professionals engage in challenging work that reflects our commitment to technological innovation and our corporate philosophy. Lubrizol's culture ensures that employees are treated with dignity and respect, which contributes to a significantly lower employee turnover rate (including retirements) when compared with the industry average<sup>1</sup>.

The value our employees bring to Lubrizol is paramount to our company's success. As our teams work to create innovative products and technologies that support our customers' needs, Lubrizol aims to provide a workplace culture that reflects and encourages our dedicated team's diverse interests and talents.

### 6,800 Employees Worldwide



<sup>1</sup> Department of Labor, 2006

## Inside Stakeholder Engagement

Our commitment to shareholders, employees, customers, suppliers, neighbors and the environment—our stakeholders—is the foundation of Lubrizol's corporate philosophy. We demonstrate this commitment through open and honest communication in which we share information and benefit from our stakeholders' valued perspectives. Whether it's eliciting feedback about a product or inviting the community to come inside our facilities, we welcome the opportunity to engage with and learn from all of our stakeholders.

### Internal Stakeholders

Global operations require shared information. Our employees are our most important asset and, as such, we have the following vehicles in place for ongoing dialogue:

- ❖ Our employee intranet offers a dynamic question and answer section with our Chairman, President and CEO, James Hambrick.
- ❖ Quarterly CEO forums allow our CEO to address employees face to face at our various facilities. These forums are webcast to all facilities via our intranet.
- ❖ We provide a feedback link at the end of each daily feature article on our intranet to collect employee thoughts on the topic presented.
- ❖ Steve Kirk, president of our Lubrizol Additives business segment, meets monthly with small groups of employees.
- ❖ Don Bogus, president of our Lubrizol Advanced Materials business segment, meets quarterly with employees.

### External Stakeholders

External stakeholders include our customers, shareholders and community members. Consistent communication ensures that we are responsive to these groups. We continually seek feedback and share information about our products and operations. For example, we host:

- ❖ Community Advisory Panels where local residents, educators, elected officials, students and company representatives get together to discuss plant operations and community concerns
- ❖ Open houses
- ❖ Emergency response training

We also collaborate with other organizations to better support our communities. Lubrizol's Delfzijl facility in The Netherlands is a member of a unique cooperative for chemical-related companies called Chemical Park Delfzijl. In 2006, Lubrizol participated in Chemical Park's annual open house where 3,000 local residents toured area facilities. Lubrizol's facility provided video animations, a control room simulation, and a children's program that included fire safety and color-changing "magic" with chemistry.



*Emergency response training*

We are committed to...  
rewarding shareholders by  
providing a high return on  
invested capital

## Rewarding Shareholders

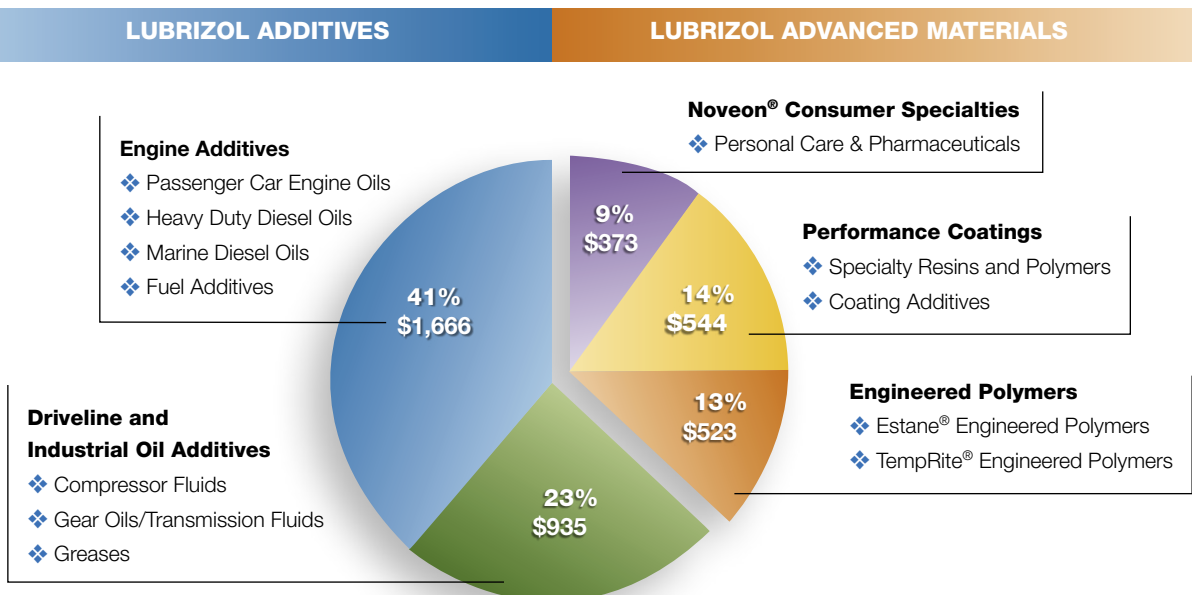
At Lubrizol, we know that to perform as a good corporate citizen, our business must thrive. This requires an enduring commitment to increasing shareholder value. Because our future is predicated on profitable growth, Lubrizol must continue to develop innovative products and technologies that support our customers' needs—needs that are increasingly impacted by environmental and social factors.

In 2006, our balanced portfolio of businesses, supported by an integrated, global infrastructure, resulted in \$4 billion in revenue—a 12 percent increase over 2005. We experienced significant volume gains across all product lines in the burgeoning economies of Asia and Latin America. We also launched several successful commercial campaigns that expanded our product and technology offerings and supported responses to global issues of climate change and access to water in underdeveloped countries.

**Lubrizol has been listed on KLD's Domini 400 Social<sup>SM</sup> Index (DS400) since 2005. Companies are selected for the DS400 based on their corporate citizenship performance in the areas of environmental stewardship, community relations, diversity, employee relations, human rights, product quality and safety, and corporate governance.**

### 2006 Revenues: \$4 billion Operating Segments and Product Lines

Revenues by product line in millions of dollars



We are committed to...

providing superior products  
and outstanding services to  
our customers

## Many Products, One High Standard

Lubrizol focuses on formulating successful solutions that meet our customers' needs in the global transportation, industrial and consumer markets. While our customers rely on the performance enhancing qualities our additives and technologies provide, most consumers do not realize they touch our products every day. At home, on the go, at work—Lubrizol products help engines run more efficiently, allow building materials to last longer, and enhance personal care products to work effectively and safely.

## Lubrizol is Everywhere You Go



### Under the Hood

- ❖ Engine Oil
- ❖ Fuel
- ❖ Gear Oil
- ❖ Transmission Fluid
- ❖ Compressor Lubricant

### Behind the Wheel

- ❖ Acrylic Fiber
- ❖ Coatings
- ❖ Shampoo
- ❖ Sun Screen and Other Skin Care Products



## We Are Inside Your Transportation

For Lubrizol's largest market—global transportation—we create products that improve energy efficiency, fuel economy and durability. Any time you step into a car, truck or train, Lubrizol products are in the engine, transmission and axle, making it run smoothly, in the fuel helping it burn cleanly, and in the paint and coatings allowing the vehicle to stand up to wear and tear.

### Reduce Emissions

An engine burns fuel to power a machine. As we continue to explore the role emissions such as carbon dioxide (CO<sub>2</sub>), volatile organic compounds (VOCs) and nitrogen oxide (NO<sub>x</sub>) play in air pollution, we will work with customers to provide products that mitigate the creation of these emissions.

Sulfated ash, phosphorus and sulfur (SAPS)—compounds found in conventional lubricants—are harmful to the catalytic converter devices that treat exhaust and reduce pollutants. With increasing mandates to reduce exhaust emissions in the U.S. and abroad, we are creating technologies that reduce negative impacts to catalytic converters. This means our products work to keep harmful SAPS from inhibiting catalytic converters to properly remove pollutants such as NO<sub>x</sub> and particulate matter from engine exhaust.

In Europe, where more than half of the passenger cars run on diesel fuel,

Lubrizol has created technologies to support Euro 4 emissions legislation. Our Lubrizol Aftertreatment Compatible Technology, ACT™, reduces the compounds in lubricants that affect aftertreatment systems. We lead the European market with this technology.

### Improve Fuel Economy

As the cost of petroleum rises and emissions regulations tighten across the transportation industry, fuel economy has become an area where Lubrizol products make a positive difference. The more efficiently a vehicle operates, the better the fuel economy and the fewer emissions emitted into the atmosphere. Our products reduce friction in the engine and transmission, which increases energy efficiency.

Lubrizol's low-viscosity technologies allow oil to adapt to temperature changes while retaining its lubricating effectiveness. With a low-viscosity product, the fluid requires less power to move through a system, making it a more energy-efficient option.

Our friction reduction technologies are another way we help customers create products that improve fuel economy. Our engine oil friction modifiers help lubricants reduce friction between moving parts, which allows an engine to burn less fuel. European research has found that low-friction engine lubricants can result in a three to five percent gain in truck fuel economy, while low-friction transmission fluid can return one to four percent gains<sup>2</sup>.

### Increase Durability

Lubrizol additives and technologies work to improve the performance of a lubricant or fuel in an automobile, which enhances its durability. As engines are pushed to operate at maximum capacity in the most efficient manner, we continue to develop products that maintain the viability of internal systems.

We are working on axle fluid technology that allows lower viscosity without sacrificing durability. In tests, this technology helps maintain lower axle temperatures, which allows components—such as gears, bearings and the fluid itself—to last longer. This new technology gains fuel economy without sacrificing durability.



<sup>2</sup> U.S. Environmental Protection Agency, Office of Transportation and Air Quality. "A Glance at Clean Freight Strategies: Low-Viscosity Lubricants." February 2004.

## We Are Inside Your Home

You can find Lubrizol products in almost every home. They are in the clothes you wear, on the walls you touch, even protecting the food you eat. Our materials provide the unseen structure on which your home and personal products are built to last. As a part of your everyday life, we aim to provide technologies that support safer, healthier and more durable goods.



Floor, cabinet and appliance coatings



Medical tubing

## Engineered Polymers

The next time you lace your sneakers, run water from the faucet or visit a friend in the hospital, Lubrizol is there. Our engineered polymers provide superior performance in a wide range of applications, from piping to sports equipment to medical tubing.

Our TempRite® CPVC offers an attractive, environmentally responsible alternative to traditional metal piping systems that is lightweight, corrosion resistant, recyclable and less expensive to install. According to the Progressive Policy Institute Education Foundation, the cumulative energy requirements to manufacture, install and transport plastic piping systems are estimated to be substantially less than most non-plastic piping systems.

TempRite CPVC is a natural choice for clean water delivery:

- ❖ Does not support combustion
- ❖ Will not corrode
- ❖ No scale buildup (maintains full flow properties)
- ❖ Light weight and naturally insulating
- ❖ Reduces heat loss in both hot and cold water piping
- ❖ Recyclable

Our Estane® Thermoplastic Polyurethane (TPU) is a material used in wire and cable insulation, medical tubing and catheters, and sports apparel and equipment. Its robust chemical- and abrasion-resistant nature helps Estane TPU improve the integrity of your cable connection, waterproof tent and medical equipment. In addition, Estane TPU can be recycled.

## TempRite® CPVC: Value in the Developing World

For years, Lubrizol's TempRite FlowGuard™ CPVC has been the product of choice for plumbing systems in Saudi Arabia and Kuwait. FlowGuard CPVC is now having great success in India, Pakistan and Africa. India's unique piping systems, which run up and down the outside of buildings, are becoming a huge story for FlowGuard CPVC. These plumbing pipes carry water for human consumption and commonly are made of metal that corrodes with time, leaking contaminants into the water. With our TempRite CPVC specialty resin, these traditional pipes are being replaced with non-corrosive CPVC plastic piping systems. TempRite CPVC durability helps to ensure a safe, constant water supply to buildings. At the end of its useful life, TempRite CPVC can be recycled.



Lubrizol's TempRite CPVC does not corrode like traditional, non-plastic piping systems, as shown in these pipe cutaways.

## Performance Coatings

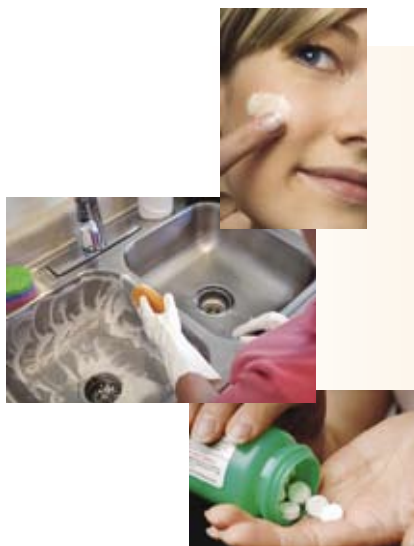
The next time you settle into your sofa to watch a movie on television, Lubrizol performance coatings will be at work ensuring that the wood floor underfoot is scratch resistant, that your sofa's fabric is holding its dye and that the color filter on your high-definition TV is operating properly.

Our performance coating technologies help our customers develop products with improved adhesion, enhanced color dispersion and abrasion resistance. We have made steady progress in recent years moving to waterborne emulsions for paint, ink and textile coatings, replacing the volatile organic compounds (VOCs) present in solvents. Water-based technology provides healthier options for consumers and the environment by eliminating harmful VOC emissions, which generate ozone.

## Noveon® Consumer Specialties

By nature, Lubrizol's personal care and pharmaceutical technologies are designed to make products more pleasing, functional, convenient and easier to use. Our rheology modifiers and emollient esters bring unsurpassed elegance to the way creams and lotions look and feel. Our naturally derived ingredients, such as methyl glucoside derivatives and esters made from renewable vegetable sources, help make products milder to eyes and skin while enriching their aesthetic appeal. Our fixative polymers help to create long-lasting hairstyles—from soft, humidity-resistant curls to bold, gravity-defying styles. You can find our personal care ingredients in products ranging from antiperspirants and body washes to hair and skin care, products for men, color cosmetics and sun care. We also are a proud supporter of the Cosmetic, Toiletry, and Fragrance Association's Look Good, Feel Better® program.

Because health and beauty go together, the drug industry relies on our pharmaceutical ingredients to aid in the look, feel and function of its finished products. Our most recent pharmaceutical technology advances involve controlled-release chemistry. By controlling the release of the active ingredient in pills and capsules, liquids and topical formulations, our technologies make products easier to use. Consumers may have to take a medication once or twice a day—rather than four or more times in a 24-hour period—because our controlled-release technology allows active ingredients to work over a longer period of time. This makes it easier for consumers to take their medication as prescribed, with better results and fewer side effects. By making medicine more convenient, efficient and effective, Lubrizol contributes to the health of our community.



### What Do Consumers Want?

- ❖ Products that appeal to their lifestyles and senses
- ❖ Products that promote simplicity and well-being
- ❖ Products that express individuality
- ❖ Medication that is “easier to take”

We are committed to...

providing superior products and outstanding services to our customers

## We Are Inside Your Business Facilities

Lubrizol works to improve the health and safety of industrial environments by providing technologies that help mechanical equipment run smoothly, operate cleanly and perform efficiently.

For industrial boiler applications, we provide “zero-cost” emissions solutions that reduce emissions without a net increase in operating costs to the user. By providing additives that increase fuel economy and improve combustion in stationary boilers, we can help our industrial customers reduce greenhouse gas emissions economically.

Another example of Lubrizol’s industrial applications is in the metalworking industry. Our technologies are designed to help reduce the health and safety risks that metalworking fluids present. Because metalworkers come in close contact with the fluids that lubricate the machines they operate, it is important to remove known toxins and reduce contact. We have designed an anti-mist additive that can be used in metalworking fluids to eliminate mists that workers could potentially inhale or touch. In addition, we have created chlorine-replacement technologies that provide an alternative to chlorine-based additives, which have been found to pose health and environmental risks in metalworking applications.

Some of our newest metalworking technologies include products derived from vegetable oil. Responding to customer requests for bio-based metalworking fluids and the growing acceptance and application of vegetable oil-derived materials, we have developed our Veg-Ester™ product line to provide bio-based alternatives to the traditional petroleum-based products.

## Life Cycle Assessment

To continue to provide superior, responsible products, Lubrizol is implementing environmental life cycle assessments (LCAs) to analyze the combined environmental impacts of our products and technologies—from manufacture, to use, to disposal.

We engaged in our first life cycle assessment as a response to anticipated changes in engine oil specifications. As a result of our investigation, a number of automotive manufacturers changed

their specifications. Today, we have completed two additional LCAs and have four more underway in our engine oil product lines. We are using this new expertise to evaluate products and technologies to find the best solutions to our environmental challenges while delivering greater value to our customers.

### Getting at the Right Answers: Using Life Cycle Assessment to Find Environmental Solutions

In our first attempt at life cycle assessment, we sought a new method of looking at our product and process inputs and outputs to better understand environmental impact. Conventional wisdom maintained that chlorine in engine oil correlated to the release of toxic dioxins into the air. In response, certain auto manufacturers imposed stringent chlorine limits on engine oil—but we asked the question ‘do the facts support this assumption?’

Scientific data on the issue was scarce, so we commissioned a life cycle assessment and a series of engine tests—more tests than any other study had undertaken to date. Our research found no correlation between the amounts of chlorine present in engine oils and dioxin formation. Our life cycle assessment revealed that fuel efficiency—not chlorine content—was the single most significant factor influencing the human toxicity impact of engine oils.

As a result of our research, some auto manufacturer policies changed to remove chlorine restrictions. In response to our findings, the chlorine limit proposed in a German environmental excellence rating for engine oils was increased. The benefit of removing strict chlorine restrictions was greater flexibility in engine oil formulation—allowing companies to focus on the more important goal of fuel efficiency.

Lubrizol is proud to be at the forefront of a new way to get at the right answers using life cycle assessment.

We are committed to...

investing in research and

development to maintain and

improve our technical position



## Inside Research and Development

We bring our commercial and R&D areas together to formulate the very best solutions for our customers. As energy and environmental factors increasingly become economic drivers, Lubrizol is exploring products and services that support clean technology, the use of renewable raw materials and renewable energy.

We identify and address environmental, health and safety issues associated with products and processes early in the development cycle. Our approach to creating new products hinges on a thorough, consistent review of all facets of development including:

- ❖ Processes
- ❖ Raw materials
- ❖ Reaction conditions
- ❖ Energy inputs and outputs
- ❖ Health, safety and the environment

### Bio-based Alternatives

Lubrizol's research and development team is creating new engine oil and fuel additives that will work with biofuels. The rising cost of petroleum and growing interest in green materials offers rich opportunity to broaden our product portfolio. Our Bioqualified™ product line helps to reduce greenhouse gas emissions and increase energy security.

Our research and development team also has been investigating bio-based raw materials, such as canola oil-based products for use in farm equipment. These promising technologies reduce the environmental impact from spills and biodegrade more quickly than traditional, mineral oil-based products. In addition, our biodegradable hydraulic fluid technology is used in applications such as forestry.

### Supporting Environmentally Responsible Technologies

Lubrizol's research and development team supports the advancement of progressive, renewable energy alternatives. One example is through exploring the unique additive needs of wind turbine gear systems. With new lubricant additives and sensors for wind turbines, our work can help wind energy become a viable energy source in the U.S.

Other environmentally friendly technologies that we offer include lubricants for CFC-free refrigerators and air conditioners, which help to eliminate the use of ozone-depleting CFCs, and fluids for geothermal heating and cooling systems, which help reduce energy consumption.

### Innovative Technologies for Efficient Processes

Lubrizol is committed to developing products that improve our customers' process efficiencies and maximize environmental benefit.

When we looked at the products we were offering for a specific grease formulation, we identified an opportunity to help the grease manufacturer reduce the amount of energy required in the manufacturing process. By developing a special version of a key ingredient, we created a product that allowed the manufacturer to use less heat in the grease-making process. While we still are determining the full environmental benefit of this product, our grease manufacturing customers experience a more energy-efficient process with less waste.

**We are committed to...**

**investing in research and development to maintain and improve our technical position**

Lubrizol's fluid diagnostic technology also supports efficient processes by monitoring oil in heavy machinery such as mining equipment and wind turbines. As additives are depleted, the monitoring system can detect when oil reaches a deteriorated condition.

Certain systems designed for mining equipment collect the depleted oil and use it as fuel to help power the engine. This maximizes the machinery's oil change interval while reducing the amount of waste oil by recycling oil into fuel.



*Wind turbine*



*Fluid diagnostic monitoring system*

### Assessing Risks for New Products and Processes

Lubrizol insists on evaluating the risks of its processes and products before they reach the manufacturing stage in our facilities. We address health, safety and environmental issues in the research and development stage and again during initial production at the plant. This dual-prong approach allows our teams to identify product development issues while considering manufacturing operability and economic impact as it relates to health, safety and the environment. As a result, we have successfully:

- ❖ Replaced hazardous raw materials with less hazardous alternatives
- ❖ Increased product yields
- ❖ Reduced waste
- ❖ Consumed less energy
- ❖ Improved product quality and process control

These evaluations have allowed us to more clearly identify risks to priority stakeholders—employees, customers, neighbors and the environment.

We are committed to...  
insisting on honesty and  
integrity in dealing with  
customers, suppliers, all third  
parties and with one another

## Inside Ethical Conduct

Lubrizol's commitment to ethical behavior is the fundamental element that guides the way we conduct business. When our founders crafted our corporate philosophy, they did so with the wisdom that honesty and integrity in business would be essential not just for their day but for generations to come. Today, our approach to ethical conduct is grounded in a simple truth: we treat others as we would like to be treated.

Ethics is core to our culture and managed internally by our Chief Ethics Officer, who reports directly to our Chief Executive Officer and Board of Directors Audit Committee. Regional ethics leaders support the implementation of our Ethical and Legal Conduct Guidelines and serve as local contacts for any questions relating to Lubrizol policies or procedures. The regional ethics leaders participate in annual training and communicate weekly through an online newsletter, as well as quarterly teleconferences.

Our ethics program, which is based on our Ethical and Legal Conduct Guidelines, has been recognized as a best practice within our industry. Translated into the native languages of the countries in which we operate, the guidelines describe expected behaviors and offer resources for conducting business in an ethical manner.


In 2006, we reviewed our Ethical and Legal Conduct Guidelines and added and expanded sections to include more detailed information on information systems, corporate disclosure, and fair competition and anti-trust. We sought employee feedback to ensure our guidelines reflect the needs and expectations of our internal stakeholders.

### Ethics Helpline

Employees may call a toll-free number for guidance on an ethical dilemma or to raise an ethics concern. Our corporate ethics office personnel are responsible for investigating employee reports discretely and thoroughly. Discussions and inquiries are kept in confidence to the extent permitted by our corporate policies and by law.

In 2006, Cleveland's Rotary International presented Lubrizol with its Corporate Four Way Test Award for our ethics program. The Four Way Test asks the following of a business' standard of ethics:

- ❖ Is it the truth?
- ❖ Is it fair to all concerned?
- ❖ Will it build good will and better friendships?
- ❖ Will it be beneficial to all concerned?



One United Approach to Ethics

Ethical and Legal Conduct  
**Guidelines**

**Lubrizol**

**We are committed to...**

**insisting on honesty and integrity in dealing with customers, suppliers, all third parties and with one another**

## Inside Supplier Ethics

Lubrizol's policies require that our supplier relationships remain free from conflict of interest. We assess purchasing decisions and communicate our commitment to current and potential suppliers based on:

- ❖ Need
- ❖ Price
- ❖ Quality service
- ❖ Supply capabilities

At the beginning of every supplier relationship in the U.S. and Europe, our vendors receive information about our Ethical and Legal Conduct Guidelines, and each year we send them a letter reminding them of our strict supplier policies.

## Supplier Diversity

As a global citizen that respects diversity of perspectives and opportunity, we strive to maintain an environment that values a diverse supplier base. Our business practices provide an equal opportunity for all companies to furnish the goods and services necessary to meet Lubrizol's evolving needs. In our U.S.-based operations, we have made a concerted effort to increase purchases from women- and minority-owned businesses. Our supplier diversity program helps our organization achieve the best possible purchasing decisions in terms of quality, service and cost competitiveness while maintaining a diverse supplier base.

## Inside Supply Chain Practices

We seek supplier relationships that uphold our beliefs in honesty and integrity—relationships that are built on trust. As we enter into relationships with suppliers, we assess their level of commitment to responsible and ethical behavior.

Lubrizol's raw material purchases provide the resources we need to create our diverse products. Because of the important role these materials play in our ability to produce quality products, our global sourcing teams review these suppliers twice a year regarding environmental, health and safety issues and other pertinent areas of performance. Using a 16-point questionnaire, our teams assess our suppliers' participation in regulatory inspections, certification programs and other parameters important to our operations. Under ISO 9000, when a supplier falls short in performance, we initiate a Supplier Corrective Action program to help that supplier raise its standards. We will contact the supplier in an effort to find the root cause of the problem and document all corrective actions. Our goal is to look for trends and find solutions to the problem.

We also assess our toll manufacturers, distribution partners and agents to ensure these partners meet our minimum requirements for responsible practices. Through background checks and interviews with representatives, we review our suppliers and partners for a history of ethical behavior.





We are committed to...

treating each employee with dignity and a sense of worth and supporting open communications with one another

## Inside Employee Relations

We foster a respectful working environment that encourages innovation and collaboration—a culture that supports creativity, exploration and personal growth. Lubrizol's talented workforce is the foundation for our growth and success. Our employees consistently deliver on our strategic business objectives and demonstrate an eagerness and ability to evolve with the company.

To maintain employee satisfaction and enhance employee engagement, we encourage open and honest communications. We also aim to help employees achieve a satisfactory work-life balance. Flexible work arrangements, when operationally feasible, are one way we support employees in balancing work responsibilities with their lives outside of work. While many of our global facilities operate on a continuous schedule, some have successfully created alternative scheduling options that contribute to better employee performance and a quality work environment.



We are committed to...  
developing and promoting  
personnel from within our  
ranks on the basis of  
individual performance

## Inside Employee Development

Over the next decade, Lubrizol must be prepared to recruit new talent and develop existing talent while continuing to offer an engaging work environment. Our current method of employee development includes an annual evaluation to assess each employee's personal progress and determine areas for improvement.

While every facility manages newly hired employees in its own manner, our Wickliffe and Brecksville locations have adopted a new hire Buddy Program. Through this program, members of our staffing department assign each new employee a "buddy" who answers questions, provides facility tours and helps the employee become acclimated to Lubrizol's culture.

Our new web-based global training application—Learning at Lubrizol—helps employees enroll and participate in training programs across areas such as environmental, health, safety, security, human resources, computer technology, ethics and other skill-based functions. Employees are required to take certain courses specifically related to their core responsibilities. They also have the option of participating in courses that support their overall professional development.



## Lubrizol University (LZU)

Lubrizol believes that all employees should have the opportunity to learn and develop their skills for the future and has created Lubrizol University (LZU) to support this belief. A global program, LZU adapts to unique regional cultures and needs while providing a consistent structure for employee development.

One of the courses available through LZU is The Quality of Being Human. This course, which all U.S. employees take during their first few years of employment, is designed to raise the level of diversity awareness and cultural sensitivity of our entire team. The course is repeated on a periodic basis to reinforce the concepts of cultural awareness and their alignment with our corporate philosophy. Other LZU courses support professional development and allow employees to explore other areas of interest.

We are committed to...  
rewarding employees' efforts  
through a merit-oriented  
compensation program

## Inside Employee Awards and Recognition

Lubrizol's success has been built on smart people with great ideas and a commitment to results. We want employees to feel a strong sense of ownership and responsibility for our long-term success. We are committed to creating an environment that encourages people to do their best work and where the value of individual contributions and collective efforts is appropriately recognized.

We use a variety of incentives to attract great people, to motivate them and reward exceptional performance. The implementation of our pay-for-performance philosophy begins by establishing a series of job levels and competitive base and variable pay programs. Compensation for salaried employees will differ based on education, experience, performance and demonstrated skills.

Our corporate philosophy begins by stating: "the strength of Lubrizol is the dedication of its employees to our company, our shareholders and our customers." We celebrate our employees' many contributions to our success by recognizing exemplary effort and years of service to the organization.

Each year, Lubrizol recognizes employees who reach five-year service milestones with the company. Employees who reach 25 years with our organization receive special recognition for their years of service.

We also recognize distinguished service through our Winners Circle Award and Founders Award programs. Our Winners Circle Award honors employees who have displayed outstanding performance during the previous year. Senior managers select these honorees based on their specific contributions during that time. The Founders Award—our most prestigious honor—recognizes a lifetime of superior service. All Lubrizol employees have the chance to nominate a colleague for this accolade. The purpose is to recognize those who diligently go about their work, which, by its very nature, contributes to our organization's success. These employees are our hidden heroes.



2007 Founders Award winners

We are committed to...

maintaining the health and safety of our employees, customers and neighbors and to protecting the environment

## Inside Our Responsible Care Management System®

Lubrizol's corporate citizenship efforts begin within our own walls. Our systematic approach to health, safety, environment and security (HSE&S) is in accordance with the American Chemistry Council's Responsible Care® guidelines and technical specifications. Responsible Care provides a framework for all business activities to help manage and improve HSE&S performance.

The Lubrizol Responsible Care Management System (RCMS®) is built around the concept of continual improvement, following the steps of Plan, Do, Check and Act. While RCMS is a U.S.-based initiative, Lubrizol has committed to implementing the system globally, consistently delivering best practices to each of our facilities.

Internal audits at every Lubrizol location ensure that each site meets the Responsible Care standards for certification. We also conduct second party audits, where internal teams visit other plants to conduct systems and compliance audits. To achieve Responsible Care certification, facilities also must undergo a third party systems audit. Lubrizol successfully completed certification of our headquarters' operations in Wickliffe and Brecksville, Ohio in September 2006 with full system compliance. In 2007, we aim to achieve certification at five manufacturing facilities in North America.



**Responsible Care®**  
*Good Chemistry at Work*

## VPP Star

Lubrizol participates in the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP), which recognizes the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health. VPP's Star certification takes the VPP designation one step further by acknowledging a facility's exemplary safety and health management systems. Our Bayport, Texas site has earned the prestigious VPP Star certification and our Wickliffe, Ohio and Deer Park, Texas facilities also are seeking certification.

## Inside Employee Health and Safety

Lubrizol is committed to providing a safe and healthy working environment for all of our employees. Our current recordable injury rate—a common measure of employee health and safety—is four times lower than the average manufacturer. Stated another way, it is safer to work at Lubrizol than it is to work in most grocery stores.

Lubrizol's Standards of Care (SOC) outline our worldwide requirements for safety procedures and guidelines, which provide consistency in operations across our organization. Where specific country regulations exceed our SOC guidelines, sites must meet both the SOC and local or national regulations.

Standards of Care are implemented through an open process that allows all employees to participate in shaping our HSE&S operating procedures. Any employee or plant location has the option of drafting an SOC. All facilities

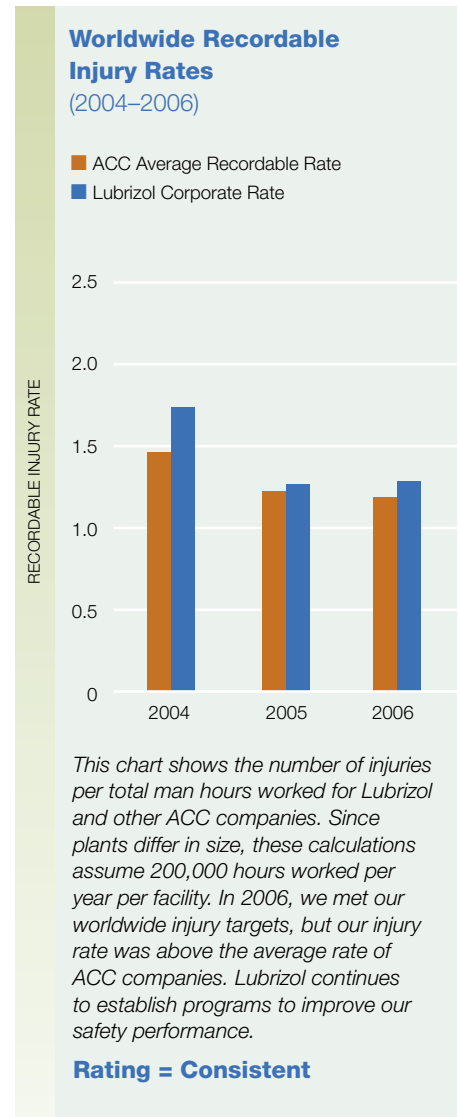
then have the opportunity to comment on the draft SOC before senior management review and approval. Once approved, a new SOC is distributed to all sites and incorporated into required HSE&S operating procedures. To date, Lubrizol employees have designed 11 SOC, including incident reporting, environmental releases, medical waste management, and transportation emergency response. In the next year, employees will be involved in developing additional SOC for drum handling, lock-out processes and engineering practices.

Beyond our required SOC, we also identify Elements of Excellence—superior practices in safety, health, environmental and security. Our Elements of Excellence incorporate best practices as identified by the American Chemistry Council and other professional and trade associations, focusing on employees and physical work environment. With our Elements of Excellence, which are implemented

based on facility-specific needs and resources, we seek to achieve:

- ❖ Reduced risk resulting in fewer injuries
- ❖ No harm to the environment
- ❖ No incidents resulting in negative community impact
- ❖ Increased operational integrity
- ❖ Improved profitability
- ❖ Satisfied employees
- ❖ Satisfied customers

To share facility best practices worldwide, we have dedicated space on our intranet to post proven ideas and practices.



## Internal Corporate Health, Safety and Environmental Awards

In addition to external awards, Lubrizol recognizes its facilities that attain excellence in health, safety and environmental with a President's Safety Award and a CEO's Sustainable HSE Excellence Award.

We also encourage each plant to establish its own incentives and awards programs and to celebrate milestones as appropriate to its size and culture.

### President's Safety Award Criteria

- ❖ At or less than target number of recordable incidents
- ❖ Zero lost time away incidents
- ❖ No major HSE incidents
- ❖ Contractor recordable incident rate of less than 1.5, or not more than one recordable incident

### 2006 President's Award Winners

Antwerp, Belgium  
Calvert City, KY  
Lanzhou, China  
Lawrence, MA  
Louisville, KY  
Spartanburg, SC  
Spartanburg, SC (lab)  
Wilmington, MA  
Yanbu, Saudi Arabia

### CEO's Sustainable HSE Excellence Award Criteria

- ❖ Winner of Lubrizol's President's Award for the past three or more consecutive years or has a three-year average of incident rates at or below the current year's target
- ❖ No major HSE incidents for the last three years or more
- ❖ Contractor recordable incident rate of less than 1.5 for more than three consecutive years
- ❖ No major reportable American Chemistry Council process safety incidents for the last three years or more

### 2006 CEO's Sustainable HSE Excellence Award Winners

Blackley, UK  
Chonburi, Thailand  
Delfzijl, The Netherlands  
Durban, South Africa  
Houston, TX (Anedco)  
Huddersfield, UK  
Kinuura, Japan  
Mourenx, France  
Pedricktown, NJ  
Pohang, South Korea  
Qingpu, China  
Singapore  
Valencia, Venezuela  
Vilvoorde, Belgium

## Inside Process Safety Management

To ensure our organization's sustained viability, Lubrizol remains vigilant in the ongoing improvement of our process safety management. As a specialty chemical company, our employees are exposed to risks from raw materials, machinery and our work processes. With process safety management, we work to prevent catastrophic events such as fires, explosions or chemical releases that can result in serious injuries.

In 2006, Lubrizol experienced 14 process safety incidents<sup>3</sup>, as defined by the American Chemistry Council. This was an increase over the number of incidents in 2005. Though our record is still better than the average American Chemistry Council company, we are committed to making improvements to our process safety. In 2006, we:

- ❖ Conducted 19 second-party process safety audits (12 international sites)
- ❖ Continued use of six sigma analyses of process safety incident data to identify weaknesses
- ❖ Improved communications focusing on industry-related process safety incidents

We also approved and implemented a new corporate Mechanical Integrity Standard of Care in 2006. The development of this standard was the result of a six sigma project initiated in 2005 and has resulted in a significant decrease in process safety-related incidents (84 in 2005 to 39 in 2006) caused by mechanical integrity system failures.

<sup>3</sup> American Chemistry Council definition of Process Safety Incident: a process-related incident (injury, chemical release, fire or explosion) that results in a lost-time injury/fatality or has property damage in excess of \$25,000 or exceeds a reportable quantity of an "extremely hazardous substance."

Going forward, Lubrizol continues to employ root cause analysis and predictive metrics to anticipate and identify areas for process safety improvement. A task force charged with assessing and recommending improvements to our standard operating procedures and operator training programs will refine our process safety performance metrics and help us maintain a safer working environment.

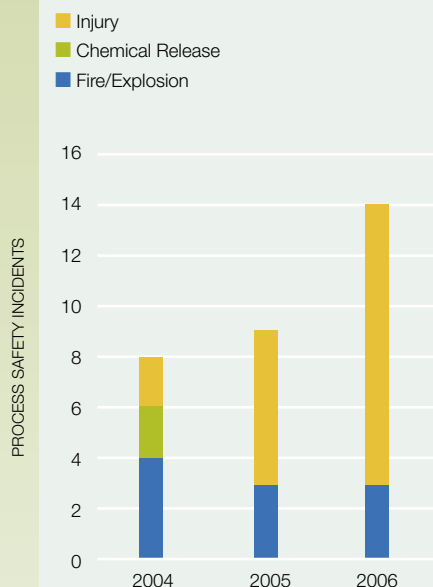
### Product Safety

Vision, Lubrizol's product compliance management system, is another way we implement responsible practices. Vision is considered a best practice in Material Safety Data Sheet mandatory notification and product shipping labels and helps our business units ensure compliance with global chemical control laws. Internally developed, our system provides automatic updates to our product development, research and development and manufacturing teams to let them know of new products and the level of their potential for health, safety or environmental risks.

### Security

In 2002, the American Chemistry Council introduced a new security code that details site, supply chain, cyber and transportation security issues management. As part of our Responsible Care Management System®, we implemented the security practices across our U.S. facilities in 2005. Although not required by the Responsible Care Security Code, we are implementing security measures at our facilities around the globe. Our comprehensive, global approach to security exceeds the standards outlined by the ACC as well as current U.S.-based legislation.

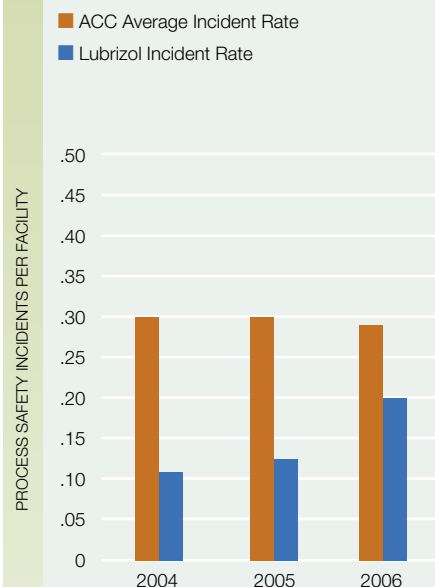
**Worldwide Process Safety Incidents (2004–2006)**



*This chart compares three years of Lubrizol's worldwide process safety incidents (incidents causing more than \$25,000 damage due to fire/explosion, a release of an extremely hazardous substance above a reportable quantity or a process-related, lost time injury). During this three-year period, Lubrizol's process safety incidents increased. Lubrizol continues to implement and evaluate our process safety programs to improve our process safety performance.*

**Rating = A work in progress**

**Worldwide Process Safety Incident Rates (2004–2006)**



*This chart compares Lubrizol's process safety incident rates to the American Chemistry Council's industry average process safety incident rates (incidents causing more than \$25,000 damage due to fire/explosion, a release of an extremely hazardous substance above a reportable quantity or a process-related, lost time injury, divided by the number of facilities.) During this three-year period, Lubrizol's process safety performance was better than the ACC industry average incident rate per facility; however, our individual process safety incident rate has been increasing over this three-year period.*

**Rating = A work in progress**

## Inside Responsible Operations

Lubrizol's corporate citizenship commitment extends beyond the health, safety and vitality of people to include protecting the environment. Our facilities identify environmental opportunities and risks to create short- and long-term goals for each site. These annual health, safety, environmental and security plans allow our facilities to track and measure progress on environmental goals.

Our preventive maintenance practices allow for periodic checks of our machinery and equipment. To the extent possible, our facilities will replace and upgrade equipment to optimize efficiency. One example is in our Avon Lake, Ohio plant where we replaced steam boilers with new, higher thermal efficiency units to reduce heat loss and decrease the amount of energy required to power them.

Other operating processes and practices reduce our energy consumption, emissions, effluents, waste and water usage. We employ high-quality technology in each of our facilities to remove air pollutants that are created

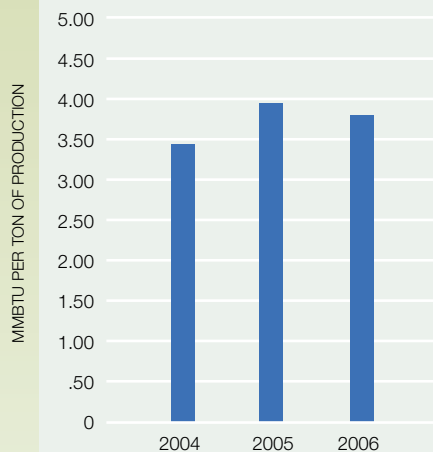
as a result of our operations. These include:

- ❖ Installing thermal oxidizers to remove VOCs and improve air quality
- ❖ Installing zero-leakage seals on our transfer pumps to ensure that hazardous materials are not inappropriately released
- ❖ Using carbon drums to remove the vapors our processes create
- ❖ Practicing vapor balancing during bulk transfers

## Reducing Our Own Emissions

As part of Lubrizol's commitment to protecting the environment, we are striving to reduce air pollutants and greenhouse gas emissions in our processes. We support the American Chemistry Council's industry goal to reduce greenhouse gas emission intensity, and we have implemented operating procedures and equipment to help achieve that goal.

**Worldwide Energy Use Rates**  
(2004–2006)

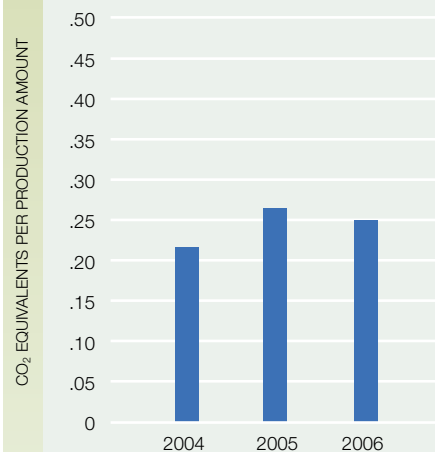


This chart shows our worldwide energy use rates, as measured in MMBTU\*\* per ton of production. Lubrizol continues to look for ways to reduce our energy use while at the same time working to increase production.

\*\* MMBTU – Million British Thermal Units: a unit of measure defined as the amount of heat (energy) it takes to raise one pound of water one degree Fahrenheit.

**Rating = Consistent**

**Worldwide Greenhouse Gas Rates**  
(2004–2006)



This chart shows the worldwide greenhouse gas emission rates, as measured in CO<sub>2</sub> equivalents\*\*\*, per amount of product produced. Lubrizol continues to pursue opportunities to reduce greenhouse gas emissions.

\*\*\*CO<sub>2</sub> equivalents: A formula is used to convert utility use (electricity, natural gas, coal, fuel, purchased steam, etc.) and direct greenhouse gases emitted to an equivalent amount of CO<sub>2</sub> (the main component of greenhouse gases) that would be generated by producing it.

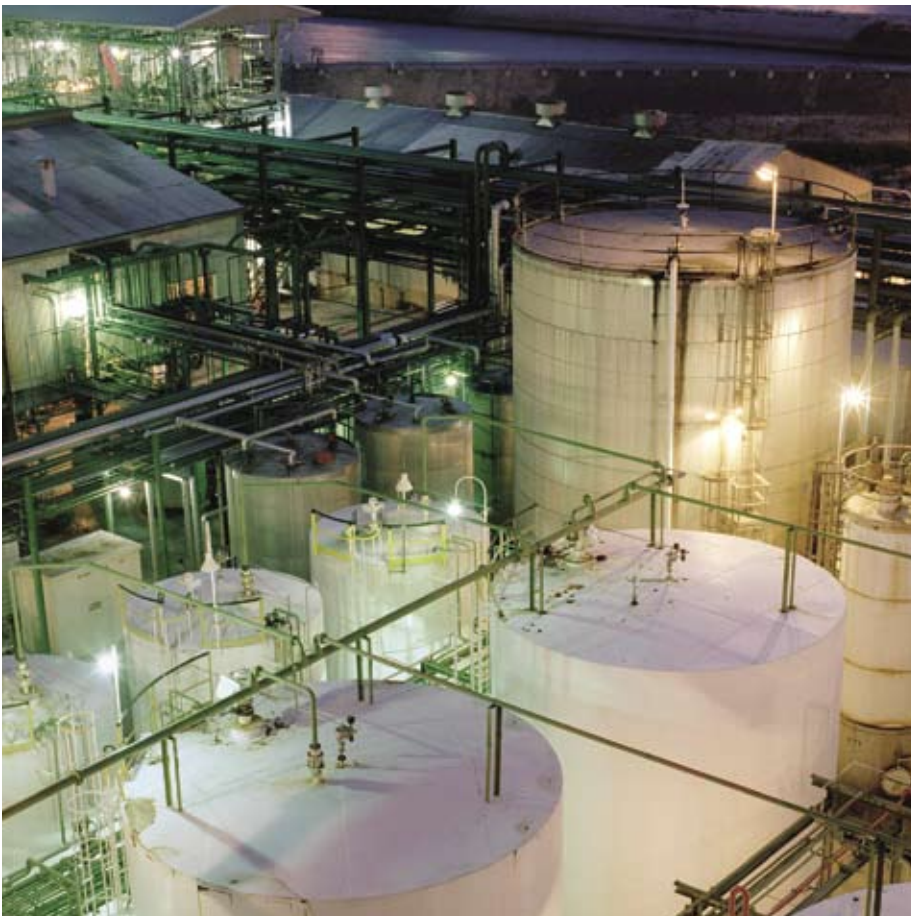
**Rating = Consistent**



## Lubrizol France and Sustainable Development

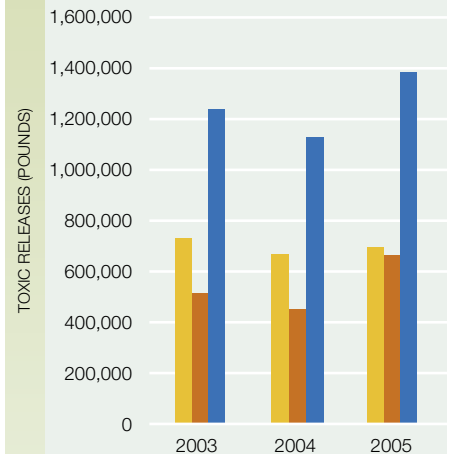
In 2006, Lubrizol France employees from our LeHavre, Mourenx and Rouen facilities participated in a sustainable development training session. The employees examined Lubrizol France's past 20 years to better understand how it responds to issues such as climate change, pollution prevention and maintaining natural resources.

Following training, employees submitted more than 500 ideas for Lubrizol France's ongoing sustainable development efforts. These concepts are being prioritized into short- and long-term plans and are backed by a senior management commitment to show measurable results. To bring these plans to action, Lubrizol France called on its environmental committee, which was formed 15 years ago and comprises senior management and external stakeholders including environmental agencies and a local ecologist. This committee meets twice a year to discuss sustainable development at Lubrizol France.



### U.S. Facilities Toxic Release Inventory (2003–2005\*)

■ On-site Releases (Air, water, land)  
■ Off-site Releases (Land)  
■ Total Releases



*This chart shows the amount of specified toxic chemicals our U.S. facilities released each year to the environment (air, water, land) as a result of our processing operations. In 2005, additional wastes that had been previously recycled needed to be disposed into a landfill, which caused our release amount to increase. Lubrizol continues to pursue waste reduction and waste management opportunities to improve our performance.*

\* 2006 data not available

**Rating = A work in progress**

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### Transportation Logistics

Each year, Lubrizol conducts tens of thousands of shipments—transporting products, intermediates, raw materials, samples and wastes. Because we are responsible for such a large number of shipments, we have a commitment to meet the regulatory requirements for the transport of Dangerous Goods and cooperatively work with carriers, contractors, distributors, industry associations and governmental agencies to promote safe and secure practices.

Our internal systems enable consistent, accurate information for the transport of goods, which is then communicated to customers, carriers, contractors, distributors and employees. We work to identify transport hazards and train our employees on transport safety to

minimize health and safety risks. In the event of an emergency, Lubrizol provides 24-hour emergency technical support through CHEMTREC, which provides access to Lubrizol's MSDS and product data sheets. CHEMTREC provides global support for all Lubrizol shipments.

Transport security and regulatory compliance are critical components of our responsible practices. We work with our carriers and contractors on transport security practices, sharing best practices and updates on new or revised regulations.

We strive to reduce the environmental impact of our transportation by identifying new methods of loading, delivering and unloading shipments.

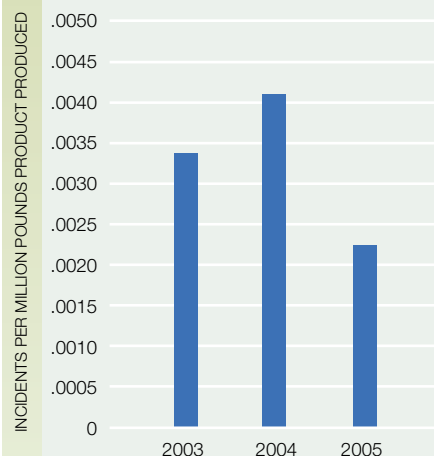
### A Hybrid Locomotive in Texas

This past year, Lubrizol's Deer Park facility made an important upgrade, replacing our 1951 locomotive with a new, hybrid switch model to transfer materials from our plants to main line carriers. The new hybrid locomotive will reduce fuel consumption by 40 to 60 percent and emissions of nitrous compounds, particulate and volatile organic compounds by 90 percent.

The hybrid locomotive project was made possible through a grant from the Texas Emissions Reduction Program in cooperation with the Texas Commission on Environmental Quality. The program provides financial support to industries for the adoption of clean technology.



**U.S. Facilities  
Dangerous Goods  
Transportation Incident Rates  
(2003–2005\*)**



Lubrizol makes thousands of shipments every year. This chart shows the number of distribution-related incidents\*\* that we tracked and reported to the Department of Transportation (DOT) per million pounds of product produced. During this three-year period, the number of DOT incidents was small. Even so, we continue to strive to improve this performance.

\* 2006 data not available

\*\*U.S. Department of Transportation 5800.1 reportable incidents.

**Rating = Consistent**

## Reducing Waste

Lubrizol continuously seeks ways to minimize waste—this includes raw materials selection, process development, production and operating procedures that are designed to minimize or eliminate waste generation.

As a participant in the U.S. Environmental Protection Agency's WasteWise program, our corporate headquarters has been successful in collecting wooden boxes and crates for internal reuse, donating old furniture for reuse, recycling cardboard and shredding pallets to be used for mulch and playground turf. In 2006, our corporate headquarters recycled 533 tons of material.

Packaging is one area in which we have made great strides in reducing environmental impact. While many of our products ship via bulk tank truck, eliminating the need for packaging material, we use reusable totes, cardboard boxes and plastic drums whenever possible. In 2006, our U.S. operations recycled 90 percent of our packaging totes and 80 percent of our plastic drums. We also ensure the reconditioning and reuse of our steel drums by purchasing materials of a specific quality and grade.

Because of regulatory requirements, widespread use of recycled packaging is a challenge. However, we work with our suppliers to identify recycled input materials that meet product specifications for packaging. We successfully have used recycled cardboard boxes for our Carbopol® polymer products and recycled reconditioned totes and plastic drums for certain coatings products.

## Waste Recovery and Reuse

Since the 1930s, we have strived to make the most of every aspect of our production processes, including reusing and recycling products wherever possible. Innovation plays a key role. Following are just two examples of where we have identified products that meet the needs of untapped markets.

Lubrizol uses isopropyl alcohol as a solvent in several production processes. Rather than incinerate or dispose of it, we invested in distillation systems that allow our facilities to reuse or sell the material. We use the recycled alcohol to make our Carboset® resins and Noverite® polymers. In another process, we use methanol as a solvent and reactant. At the end of the reaction, we collect excess methanol and water and sell it to windshield washer fluid manufacturers.

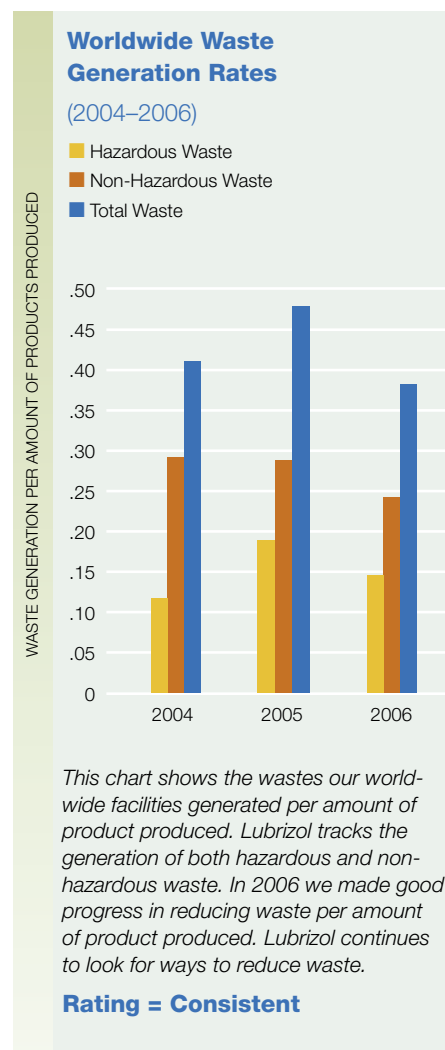
Another example of recycling off-grade production material comes from our Estane® TPU production line. We found a market that can use the off-grade material to produce sandals in developing countries. We sell this material for less than cost as a means of reducing our waste and supporting business in the developing world.

## Awards and Recognition

We are proud to report that over the past decade, our corporate headquarters has reduced annual hazardous waste by 46 percent and recycled over 5,600 tons of materials.

Following are some of the awards that our facilities received in 2006:

- ❖ **Kinuura, Japan** – *The Hazardous Material Safety Association's Excellent Handling of Hazardous Material Award*
- ❖ **Spartanburg, South Carolina** – *Spartanburg Water & Sewer District Business Award for Superior Environmental Compliance*



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In 2006, partner organizations recognized Lubrizol's efforts as a responsible corporate citizen. Our facilities received the following Ohio Chemistry Technology Council awards:

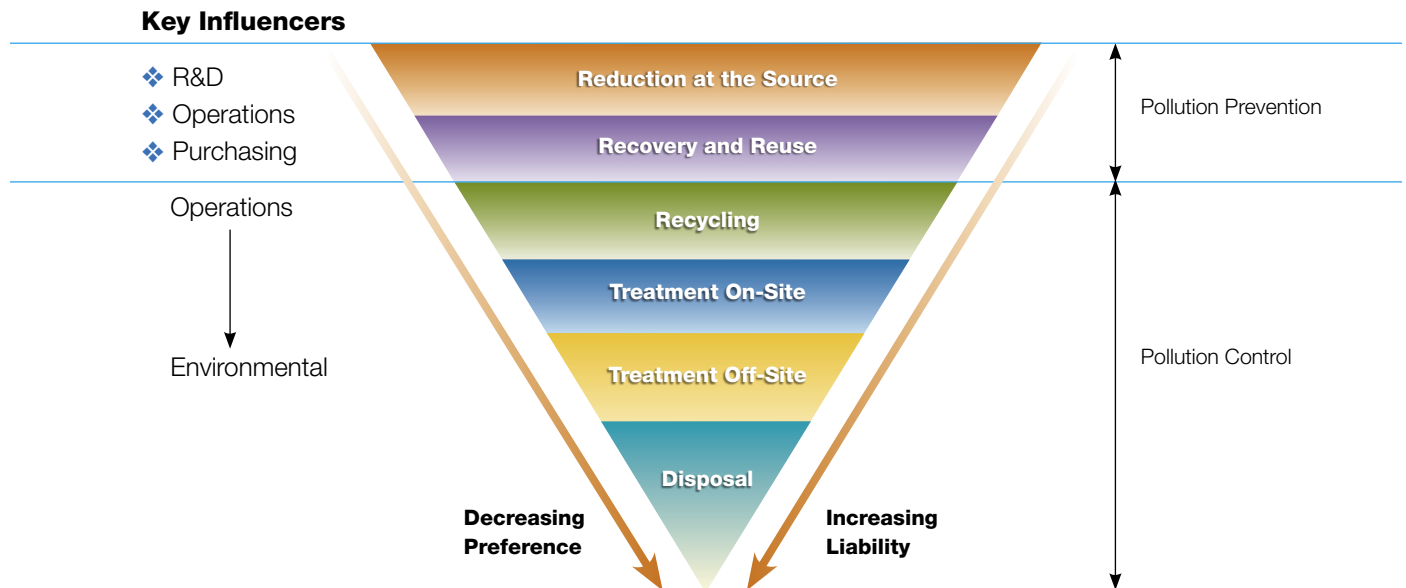
- ❖ **Avon Lake** – *Excellence in Environmental Performance*
- ❖ **Bowling Green** – *Excellence in Health and Safety Performance*
- ❖ **Brecksville** – *Excellence in Security Performance*
- ❖ **Painesville** – *Excellence in Health and Safety Performance*
- ❖ **Wickliffe** – *Excellence in Environmental Performance*

### Making Chemical Information Available

Lubrizol participates in the EPA's High Production Volume (HPV) Challenge Program. HPVs are defined as chemicals manufactured in or imported into the U.S. in amounts equal to or greater than one million pounds per year. These chemicals are a significant consideration when making environmental decisions that affect the public.

The HPV Challenge Program, a collaborative partnership among the U.S. EPA, the American Chemistry Council and Environmental Defense, has the goal of ensuring that the American public has access to sound information on chemicals. Participants in the HPV Challenge Program assist the EPA by developing data summaries and conducting tests to fill any data gaps regarding high-volume chemicals. Lubrizol has participated in the program as a member of the American Chemistry Council (ACC) Health, Environmental, and Research Task Group.

### Waste Management Preference Hierarchy



## Inside Community Relations

Lubrizol's commitment to enhancing the quality of life in the communities where we operate is a longstanding pillar of our corporate culture. We practice corporate citizenship by supporting a variety of charitable organizations that serve the needs of our diverse communities.

At our corporate headquarters, Lubrizol has adopted a strategic focus to our community engagement. We aim to support organizations that ensure healthy, vibrant communities in the areas of youth, education, science and health and human services. For example, in 2006, our annual Lubrizol Science Teacher Award program recognized outstanding science teachers in Lake County, Ohio.

Lubrizol's employees around the world prove every day that they care about their surrounding communities. From tutoring programs in elementary schools to opening our facilities to local emergency responders for training purposes, we share employee time, knowledge and expertise to bring value to our surrounding communities.

In Singapore, our employees work with the Singapore Children's Society, which serves as a home to children in need. From afternoon excursions to craft events, our employees have spent several Saturday afternoons bringing joy to children in need.

At some of our U.S.-based facilities, including Avon Lake, Ohio and Paso Robles, California, we are active in children's sports programs, supporting healthy lifestyles and physical fitness.



*Employees from our Brecksville, Painesville and Wickliffe facilities weeded, mulched, planted flowers and shrubs, stained barns and painted a fence for Deepwood Center, an organization for residents with moderate, severe or profound mental delays and developmental disabilities.*

## Our Hazelwood Facility: A Shining Example of Community Investment

At Lubrizol, we firmly believe that community activities benefit both our neighbors and overall employee development. In Derbyshire, UK, employees at our Hazelwood facility created a Charities and Community Group to institutionalize community involvement. In addition to financial support, group members promote hands-on staff involvement in community activities. The group supports employees and retirees in applying their science expertise to help educational institutions and charities.

Each year, the Charities and Community Group focuses its efforts on a specific charity. In 2006, they chose the Derby Royal School for the Deaf, which they supported through financial gifts and classroom science demonstrations.

Lubrizol Hazelwood also has been a member of the East Midlands Region of Business in the Community (BITC) for the past four years. BITC, presided over by the Prince of Wales, is a nationwide network of over 750 companies committed to responsible business practices. Several times a year, Lubrizol representatives meet with other corporate representatives to share ideas and compare social and environmental projects.

On March 24, 2006 Lubrizol Hazelwood received the Derbyshire Chamber of Commerce Business Award for excellence in corporate social responsibility.



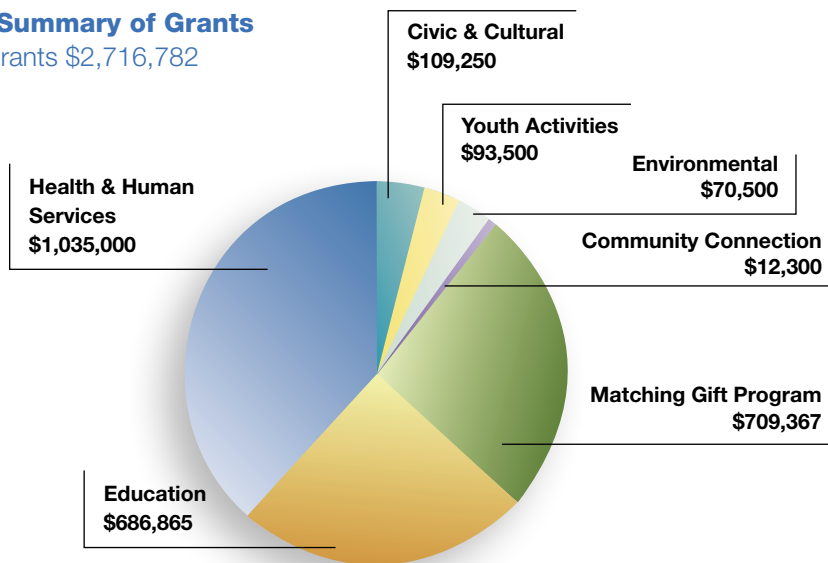
*The finance group at our Hazelwood, UK, facility created a garden makeover for Volunteers for Ground Force, an organization that creates gardens for the elderly, disabled and visually impaired.*

## Inside Corporate and Foundation Giving

Lubrizol's global corporate giving in 2006 exceeded \$640,000, and The Lubrizol Foundation provided grants and matching gifts in excess of \$2.7 million. Each year, the Foundation matches individual employee giving to charitable organizations up to \$5,000 per employee. Its Community Connection program further supports employee community engagement by providing \$300 grants to organizations where employees contribute 40 hours of volunteer service.

In addition to grants and monetary donations, we believe it is important to offer our business expertise to non-profit organizations. In 2006, Lubrizol placed nine senior executives on the boards of 11 non-profit organizations in the Northeast Ohio area.

### The Lubrizol Foundation 2006 Summary of Grants Total Grants \$2,716,782





## Conclusion

Guided by The Lubrizol Corporate Philosophy, our company strives to act as a responsible corporate citizen in all of our ventures. From product and process design, to manufacture, to end use, we consider how our products and operations will affect our employees, our customers, our neighbors, our communities and our world.

We recognize that the road to sustainability is paved with challenges that will require the acceptance of new ideas and thinking. By remaining true to our corporate philosophy, Lubrizol resolves to anticipate social and environmental risk, identify opportunities for growth and continue to operate in a way that is ethical, conscientious and sound.

In the years to come, you can continue to expect more from Lubrizol. Ongoing work is required to ensure our health, safety and environmental standards remain best in class. Focused research will allow us to provide exceptional formulations that help our customers to achieve innovative solutions. And, an overall commitment to supporting the social vitality and environmental quality of our diverse communities will continue to influence our work.

When we define success for Lubrizol, it is about more than bottom line results. It is about creating products and technologies that exceed all expectations. It is about building a business that positively impacts our stakeholders well into the future. It is about embracing our responsibilities as a corporate citizen in the global marketplace because we understand this key notion...

*Success is the result of integrity inside.*

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