

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 1999
Commission file number 1-13879

OCTEL CORP.
(Exact name of registrant as specified in its charter)

DELAWARE 98-0181725

(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

Global House
Bailey Lane
Manchester
United Kingdom M90 4AA
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 011-44-161-498-8889

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

Class	Outstanding as of July 31, 1999
Common Stock, par value \$0.01	13,863,266 Shares

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

OCTEL CORP. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

	June 30 1999 (Unaudited)	December 31 1998
	-----	-----
	(millions of dollars)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16.0	\$ 26.5
Accounts receivable, less allowance of \$2.1 (1998 - \$0.8)	141.8	120.6
Inventories		
Finished products	46.1	61.1
Raw materials and work in progress	24.9	27.8
Total inventories	----- 71.0	----- 88.9
Prepaid expenses	4.8	4.9
Total current assets	----- 233.6	----- 240.9
Property, plant and equipment	140.4	147.0
Less accumulated depreciation	34.2	30.9
Net property, plant and equipment	----- 106.2	----- 116.1
Goodwill	339.9	360.5
Prepaid pension cost	70.1	73.5
Deferred financing costs	12.7	15.7
Other assets	7.8	-
	----- \$ 770.3	----- \$ 806.7
	=====	=====

The accompanying footnotes are an integral part of these unaudited condensed financial statements.

OCTEL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	June 30 1999 (Unaudited)	December 31 1998
	----- (millions of dollars)	
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 67.7	\$ 78.6
Accrued expenses	14.0	13.0
Accrued income taxes	54.9	42.6
Current portion of long-term debt	60.0	71.0
	-----	-----
Total current liabilities	196.6	205.2
Plant closure provisions (note 4)	33.3	47.1
Deferred income taxes	22.8	21.6
Long-term debt	209.0	229.8
Other liabilities	1.4	1.9
Minority interest	0.9	-
Stockholders' equity		
Common stock, \$0.01 par value (note 2)	0.1	0.1
Additional paid-in capital	276.1	276.1
Treasury stock (note 2)	(14.2)	(13.2)
Retained earnings	62.0	39.9
Accumulated other comprehensive income	(17.7)	(1.8)
	-----	-----
Total stockholders' equity	306.3	301.1
	-----	-----
	\$ 770.3	\$ 806.7
	=====	=====

The accompanying footnotes are an integral part of these unaudited condensed financial statements.

OCTEL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998

	(millions of dollars except per share data)			
Net sales	\$ 129.8	\$ 115.6	\$ 257.8	\$ 238.8
Cost of goods sold	80.6	59.9	159.2	123.7

Gross profit	49.2	55.7	98.6	115.1
Operating expenses				
Selling, general and admin.	11.9	8.8	24.1	17.8
Research and development	0.9	0.8	2.0	1.6
Amortization of intangible assets	10.9	10.2	22.9	18.8

	23.7	19.8	49.0	38.2

Operating income	25.5	35.9	49.6	76.9
Interest expense	6.3	7.5	13.3	9.6
Other expenses	0.1	-	2.0	1.4
Interest income	(1.4)	(0.7)	(1.8)	(1.3)
Other income	(1.6)	(0.2)	(5.6)	(0.3)

Income before income taxes and minority interest	22.1	29.3	41.7	67.5
Minority interest	0.1	-	0.2	-

Income before income taxes	22.0	29.3	41.5	67.5
Income taxes (note 3)	10.3	12.7	19.4	25.3

Net income	\$ 11.7	\$ 16.6	\$ 22.1	\$ 42.2
	=====			
Earnings per share:				
Basic	\$ 0.84	\$ 1.12	\$ 1.59	\$ 2.86
Diluted	\$ 0.81	\$ 1.12	\$ 1.54	\$ 2.86

Weighted average shares outstanding (in thousands)				
Basic (note 2)	13,889	14,763	13,911	14,763
Diluted (note 2)	14,434	14,763	14,291	14,763

The accompanying footnotes are an integral part of these unaudited condensed financial statements.

OCTEL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	June 30	
	1999	1998

	(millions of dollars)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 22.1	\$ 42.2
Adjustments to reconcile net income to cash provided		
by operating activities:		
Depreciation and amortization	32.5	29.0
Deferred income taxes	1.2	-
Other	-	(0.1)
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(27.7)	37.9
Inventories	14.1	1.8
Accounts payable and accrued expenses	(4.2)	(12.6)
Income taxes and other current liabilities	13.0	25.0
Other non-current assets and liabilities	(11.0)	(8.4)
	40.0	114.8
Cash flows from Investing Activities		
Capital expenditures	(5.8)	(8.1)
Business combinations, net of cash acquired	(3.9)	-
Other	(6.0)	(7.3)
	(15.7)	(15.4)
Cash flows from Financing Activities		
Net cash paid to GLCC	-	(468.5)
Receipt of long-term borrowings	16.0	430.0
Repayment of long-term borrowings	(47.7)	-
Fees related to spin financing	-	(40.0)
Repurchase of common stock	(1.0)	-
Minority interest	0.9	(11.0)
	(31.8)	(89.5)
Effect of exchange rate changes on cash	(3.0)	2.4
	(10.5)	12.3
Net change in cash and cash equivalents	26.5	29.7
Cash and cash equivalents at beginning of period	26.5	29.7
	\$ 16.0	\$ 42.0
Cash and cash equivalents at end of period	\$ 16.0	\$ 42.0

The accompanying footnotes are an integral part of these unaudited condensed financial statements.

OCTEL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

(millions of dollars)

	Common ----- Stock -----	Treasury ----- Stock -----	Additional ----- Paid-in Capital -----	Retained ----- Earnings -----	CTA* -----	Total ----- Comprehensive Income -----
Balance at January 1, 1999	\$0.1	\$(13.2)	\$276.1	\$39.9	\$ (1.8)	\$38.1
Net Income	-	-	-	22.1	-	22.1
Net CTA* change	-	-	-	-	(15.9)	(15.9)
Share buy-back	-	(1.0)	-	-	-	-
Balance at June 30, 1999	\$0.1	\$(14.2)	\$276.1	\$62.0	\$(17.7)	\$44.3

* Cumulative translation adjustment

The accompanying footnotes are an integral part of these unaudited condensed financial statements.

OCTEL CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Octel Corp., a Delaware corporation (the "Company") is a major manufacturer and distributor of fuel additives and other specialty chemicals. Its primary manufacturing operation is located at Ellesmere Port, Cheshire, United Kingdom. The Company's products are sold globally, primarily to oil refineries. Principal product lines are lead alkyl antiknock compounds (TEL), and specialty chemicals.

Until May 22, 1998, the Company was a wholly-owned subsidiary of Great Lakes Chemical Corporation, a Delaware corporation (GLCC). On May 22, 1998, Great Lakes consummated the spin off of its petroleum additives business by distributing shares in the Company to the stockholders of GLCC in a ratio of one Company share for every four GLCC shares held (the spin off). In connection with the spin off, the Company issued 14,762,417 shares of common stock on May 26, 1998. A further 969 shares were subsequently issued in respect of late notified changes in GLCC stockholders at the record date of the spin off issue.

On April 27, 1998, the Company entered into a \$300 million secured credit facility consisting of a \$280 million senior secured term loan and a \$20 million revolving credit facility. The credit facility will mature on December 31, 2001 and the term loan is amortized in quarterly instalments to December 31, 2001 subject to early repayment conditions. The term loan is secured on the Company's UK assets. Loans under the credit facility bear interest at LIBOR plus 1.75 per cent, reducing to LIBOR plus 1.25 per cent when the outstanding balance under the credit facility is below \$140 million or 12 months from first drawdown (whichever is the later).

Also on April 27, 1998 the Company issued \$150 million of Senior Notes due 2006. The Company is required to redeem \$37.5 million principal amount of Notes in each of the years 2003, 2004 and 2005. The notes bear interest at a fixed rate of 10%.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal recurring accruals) have been made which are necessary for a fair financial statement presentation. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K filed on March 26, 1999.

The unaudited combined financial statements for the six months ended June 30, 1998, give effect to the spin off as a transfer of ownership interests between two entities under common control. Accordingly, the financial statements reflect the assets, liabilities, revenues and expenses of GLCC's petroleum additives business, adjusted only for those parts of that business which remained part of GLCC after the spin off. The financial statements have been prepared as if the Company had existed as an independent entity and include certain GLCC expenses prior to the spin off. Management believes that these allocations are reasonable.

On March 1, 1999, the Company formed a joint venture between its subsidiary, Octel America Inc., and Starreon Corporation. The joint venture, Octel Starreon L.L.C., has been accounted for as a consolidated, partly-owned subsidiary to reflect the nature of the joint venture agreement.

The results for the interim period are not necessarily indicative of the results to be expected for the full year.

NOTE 2 - STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

At June 30, 1999, the Company had authorized common stock of 40 million shares (December 31, 1998 - 40 million). Issued shares at June 30, 1999, were 14,766,386 (December 31, 1998 - 14,766,386) and treasury stock amounted to 903,120 (December 31, 1998 - 832,052).

In February 1999 the Company granted zero cost share options to senior management under the terms of the Octel Corp. Time Restricted Stock Option Plan (TRSOP) and the Octel Corp. Performance Related Stock Option Plan (PRSOP). The 181,521 options granted under the TRSOP represent bonuses that were designed to reward the management of the Company for managing the spin off program and continuing in employment through December 31, 1999. They were authorized by the Board of Great Lakes Chemical Corporation prior to the spin off and agreed in principle by the Compensation Committee of Octel Corp. in May 1998. They are exercisable from December 31, 1999 through December 31, 2007. The 107,079 options granted under the PRSOP are exercisable from January 1, 2001 through January 1, 2008.

In April 1999 the Company granted zero cost options to senior management under the terms of the PRSOP scheme. The 167,826 options granted are exercisable from January 1, 2002 through December 31, 2008. This grant completes the PRSOP program and it is the intention of the Compensation Committee to grant traditional fair value options in future. There will be no further grants of zero cost share options. Also in April 1999 the Company granted options at the price of \$13.275 per share to non-employee directors under the terms of the Octel Corp. Non Employee Directors Stock Option Plan. The 57,807 options granted are exercisable from January 1, 2002 through December 31, 2008. No stock options were exercised under any Company scheme in the quarter.

Basic earnings per share is based on the weighted average number of common shares outstanding during the period, while diluted earnings per share includes the effect of options and restricted stock that are dilutive and outstanding during the period.

Prior to the spin off, the Company was not a separate operating company with a capital structure of its own. Weighted average shares for the six months ended June 30, 1998 have therefore been based on shares issued on the spin off (see note 1).

NOTE 3 - INCOME TAXES

A reconciliation of the U.S. statutory income tax rate to the effective income tax rate is as follows:

	Six Months Ended June 30	
	1999	1998
	----	----
Statutory US Federal tax rate	35.0%	35.0%
Increase (decrease) resulting from:		
Foreign tax rate differential	(4.7)	(3.9)
Amortization of goodwill	15.8	5.9
Other	0.7	0.5
	----	----
	46.8%	37.5%
	====	====

NOTE 4 - PLANT CLOSURE PROVISIONS

(millions of dollars)	1999	1998
	----	----
Balance at January 1	\$47.1	\$57.2
Exchange effect	(4.1)	0.4
Charge for the period	7.0	6.7
Expenditure	(16.7)	(14.6)
	----	----
Balance at June 30	\$33.3	\$49.7
	====	====

Expenditure of \$13.5 million in the first six months of 1999 related to personnel severance costs incurred as part of the Company's ongoing program of downsizing and restructuring of operations to respond to declining demand for TEL. The balance of \$3.2 million related to environmental remediation activities.

NOTE 5 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. This Statement is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company is at present evaluating the impact of SFAS 133 on its operations.

NOTE 6 - RELATED PARTY TRANSACTIONS

Prior to the spin off on May 22, 1998, sales of product between the Company and GLCC were reported in the financial statements at estimated market value. In the first six months of 1998 the value of sales from the Company to GLCC amounted to \$3.3 million and the value of purchases by the Company from GLCC amounted to \$7.1 million.

Prior to the spin off, interest charges from GLCC, in respect of funding provided primarily for acquisitions, amounted to \$3.4 million in the first six months of 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND
FINANCIAL CONDITION FOR THE THREE MONTHS ENDED JUNE 30, 1999

Some of the information presented in the following discussion constitutes forward-looking comments within the meaning of the Private Litigation Reform Act of 1995. Although the Company believes its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially from its expectations. Factors which could cause actual results to differ from expectations include, without limitation, the timing of orders received from customers, the gain or loss of significant customers, competition from other manufacturers and changes in the demand for the Company's products, including the rate of decline in demand for TEL. In addition, increases in the cost of product, changes in the market in general and significant changes in new product introduction could result in actual results varying from expectations.

RECENT DEVELOPMENTS

In December 1998, the Company concluded an agreement with Veba Oel AG for the acquisition of its petroleum specialties subsidiary, Chemische Betriebe Pluto GmbH, now renamed Octel Deutschland GmbH (Octel Deutschland). Based in Herne, Germany, Octel Deutschland manufactures and sells fuel additives mainly based on ferrocene, an iron-based metal organic product used as a combustion improver and octane enhancer.

On March 1, 1999, the Company formed a joint venture between its subsidiary, Octel America Inc., and Starreon Corporation. The joint venture, Octel Starreon L.L.C., combines the finished fuel additives businesses of both companies in the USA and Canada but will exclude TEL.

The Company continues to reduce TEL costs in line with the market decline and the Company announced another voluntary severance program in September 1998 which was completed in June 1999. The Company closed one TEL building at the end of 1998 and has announced a formal review into the economics of manufacturing raw materials currently produced to support the manufacture of TEL.

Following the completion of the third phase of the UK voluntary severance program, the number of group employees at June 30, 1999 was 1,072 compared to 1,305 at December 31, 1998. The net decrease of 233 includes an additional 14 employees included in group headcount as a result of the Octel Starreon L.L.C. joint venture.

The Company, through its subsidiary The Associated Octel Company Limited, has signed a conditional agreement to purchase the UK company OBOAdler Company Limited (OBOA). OBOA owns the shares and assets of the Alcor group of companies, which manufacture and market TEL. Alcor is headquartered in Baar, Switzerland and includes a TEL manufacturing plant in Germany. Pursuant to an existing Consent Decree the Company has notified the Federal Trade Commission (FTC) in advance of the purchase. Once the Company has satisfied the FTC and any other regulatory requests, the agreement will become unconditional. Octel expects to complete the purchase during the second half of fiscal 1999. The acquisition will be funded by additional senior debt on similar terms to Octel's existing debt.

RESULTS OF OPERATIONS

Operating income for the second quarter and first half of 1999 and 1998 may be analysed as follows:-

(millions of dollars)

Second Quarter	1999			1998		
	TEL	Specialty Chemicals	Total	TEL	Specialty Chemicals	Total
Net Sales	\$ 101.1	\$ 28.7	\$ 129.8	\$ 95.7	\$ 19.9	\$ 115.6
Gross Profit	41.1	8.1	49.2	50.6	5.1	55.7
Operating Income	\$ 24.9	\$ 0.6	\$ 25.5	\$ 36.2	\$ (0.3)	\$ 35.9

(millions of dollars)

Year to date	1999			1998		
	TEL	Specialty Chemicals	Total	TEL	Specialty Chemicals	Total
Net Sales	\$ 199.5	\$ 58.3	\$ 257.8	\$ 198.2	\$ 40.6	\$ 238.8
Gross Profit	82.0	16.6	98.6	105.3	9.8	115.1
Operating Income	\$ 47.8	\$ 1.8	\$ 49.6	\$ 77.5	\$ (0.6)	\$ 76.9

All figures have been restated to reflect the aggregation of Petroleum Specialties and Performance Chemicals into a combined Specialty Chemicals Business Unit which represents the markets where Octel Corp. is focusing on building its position. Within these categories the sodium and chlorine products (Intermediates), which are manufactured as raw materials for the TEL business but are also sold on the open market, have been reclassified. They were part of Performance Chemicals Business Unit but have now been included as TEL to reflect their close relationship with TEL markets and the manufacturing cycle.

Overall TEL sales for the first six months of fiscal 1999 have increased by \$1.3 million (0.7%) over 1998 levels. Sales of intermediates fell by \$1.0 million but TEL compound sales rose by \$2.3 million. Sales volume for the second quarter 1999 at 14,546 metric tons was consistent with first quarter levels. Total volumes for the six months were 28,802 metric tons, compared to 33,583 metric tons for the first six months of 1998. The decrease of 14.2% reflects the anticipated annual decline in markets but is offset by the effects of the marketing agreement with Ethyl Corporation (Ethyl) which came into force in the fourth quarter 1998. The adverse volume variance was \$27.3 million against which there is a positive price variance of \$29.6 million. Sales in the lower priced wholesale market in the first half of fiscal 1999 were 624 metric tons compared to 7,938 metric tons in the first half of 1998.

TEL gross profit of \$82.0 million was \$23.3 million (22.1%) below 1998 levels, reflecting the compensation now payable to Ethyl on all sales made under the marketing agreement.

Specialty Chemicals turnover and gross profit for the half year have increased over 1998 levels by \$17.7 million (43.6%) and \$6.8 million (69.4%) respectively. This reflects the performance of Octel Deutschland and the Octel Starreon L.L.C. joint venture which were not part of the Octel group in 1998, plus organic growth in other business.

Selling, general and administrative costs for the second quarter 1999 were \$11.9 million compared to \$12.2 million for the three months to March 31, 1999. The total for the six month period of \$24.1 million is \$6.3 million higher than those for the period to June 30, 1998. This increase is mainly due to costs incurred by the new companies to the group, Octel Deutschland and Octel Starreon L.L.C. Amortization charges of \$22.9 million for the first six months of 1999 are \$4.1 million above 1998 levels reflecting the growth in the cost of goodwill and the charge relating to capitalized spin finance costs from May 1998.

Interest expense at \$13.3 million is \$3.7 million above 1998, reflecting the charge which related to the Senior Debt and Senior Notes which arose as a result of the spin off.

The principal change in other income and expenses relates to exchange variances, the net loss of \$0.7 million in 1998 being included in other expenses whereas the 1999 gain of \$5.6 million is included in other income.

LIQUIDITY AND FINANCIAL CONDITION

Net cash provided by operating activities in the first half of fiscal 1999 was \$40.0 million compared to \$114.8 million in 1998. Net income reductions account for \$20.1 million of the total \$74.8 million decrease. The largest component of the change is \$65.6 million relating to accounts receivable and prepaid expenses. This arose due to the fact that the December 1997 opening balance of receivables was unusually high at \$174.2 million (109 days sales), resulting in a large reduction in receivables in 1998 of \$37.9 million, whereas in 1999, due to the effect of the marketing alliance, receivables have increased by \$27.7 million. Receivables at June 30, 1999 represent 100 days sales compared to 103 days at June 30, 1998.

The reduction in inventories of \$10.4 million for the second quarter of 1999 leaves a cumulative reduction of \$14.1 million for the six months to June 30, 1999. This movement includes an exchange translation difference. The balance sheet reduction in inventory for the period is \$17.9 million which includes a \$15.0 million reduction in finished products. The Company believes that it is on program to reverse the increase of \$25.4 million which arose in finished products in fiscal 1998 by December 31, 1999.

In connection with the conditional agreement to purchase OBOA, an additional \$10.0 million of Senior Debt has been advanced to the Company. This has been used to meet transaction expenses to date of \$1.8 million and to make advances to OBOA, which are recoverable should the agreement fail to become unconditional, of \$6.0 million. The expenses and advances are included in other investing activities.

An amount of \$6.0 million was drawn down under the Revolving Credit Facility in the first quarter 1999, but the whole \$17.0 million was repaid in the second quarter. A total of \$30.7 million of Senior Debt has been repaid in the six months to June 30, 1999.

YEAR 2000

Octel is implementing a program of work, the objective of which is to ensure that the Company is not adversely affected by "Date Discontinuity" problems in computers, software and embedded processors during the transition from 1999 to 2000 and as a result of 2000 being a leap year.

Date discontinuity occurs when time as expressed by a system or its software does not move forward successfully in line with true time. The most commonly known manifestation of this occurs in systems that recognize years as two digits and, when moving from '99' to '00', recognise '00' as 1900 or fail altogether. Additionally, some systems fail to recognise 2000 as a leap year, omitting Feb 29th from their calendars.

The scope of the project covers Information Technology (IT) systems, embedded processors, supply chain and business continuity.

- . IT systems include central and network hardware, business systems and desktop hardware and software. Octel has very little bespoke software, the majority being industry standard packages, customized only where necessary.
- . Embedded processors include, for example, plant instruments, laboratory equipment, control systems, data acquisition systems, vehicles and telecommunications.
- . Supply chain considerations include liaison with suppliers and customers about our respective states of readiness for the Year 2000.
- . Business continuity will consider all areas of the business and put in place contingency plans to mitigate the consequences arising from key risks identified.

The project covers all Octel Corp. sites.

Work is divided into the following key stages:-

1. Inventory of hardware, software and embedded systems
2. Analysis of compliance
3. Defining and planning of solutions
4. Implementation and testing of solutions
5. Confirmation of major suppliers' and customers' state of readiness
6. Business continuity and contingency planning

Steps 1, 2 and 3 are substantially complete. Constant monitoring of compliance statements will continue to capture those suppliers that modify or revoke information.

In the UK there are two key IT legacy system replacement programs (Step 4), both of which are complete:

- . Replacement of the existing purchasing and sales order processing system.
- . Introduction of Windows NT environment, which has resulted in a substantial replacement of desktop hardware and software.

In Step 5, all current suppliers of goods and services have been approached and analysis of their Year 2000 status is well advanced. Critical suppliers are now the subject of more detailed scrutiny to monitor the progress of their programs. Liaison with key customers is ongoing.

Business continuity and contingency planning (Step 6) is progressing well. Octel Corp. will adopt a normal end of year operating regime, while maintaining the ability to respond promptly to external circumstances as they arise. The comprehensive planning supporting this operating regime uses a risk based approach, taking account of internal, external and resource issues.

Octel Corp. is on program to be in full Year 2000 readiness for critical systems by the end of the third quarter 1999 and will then continue to monitor all areas through January 2000 and beyond.

Costs
- - - - -

It is estimated that the total cost of achieving Year 2000 compliance will be approximately \$8.0 million of which \$6.5 million will be on IT systems and \$1.5 million on embedded processors. This figure is subject to ongoing review and throughout the project life cycle the business benefit of systems is constantly challenged and redundant systems will be decommissioned prior to the Year 2000. Approximately \$5.0 million has been spent to date.

Risks
- - - - -

The most reasonably likely worst case scenario is an event which would shut down the sodium manufacturing process. It has been estimated that this would reduce TEL production for up to six months. During this time the Company would be able to maintain supplies to its customers but the cost to the business would be approximately \$7 million. This figure has been reduced from \$11 million as a result of risk mitigation work carried out by the Company.

Through its internal and supplier Year 2000 projects, the Company is working to minimize the probability of such an event occurring and, through its contingency planning, to mitigate the consequences.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
- - - - -

There has been no material change in the Company's exposure to market risk as described in the Form 10-K filed on March 26, 1999.

PART II - OTHER INFORMATION
- - - - -

ITEM 1 - LEGAL PROCEEDINGS
- - - - -

The Company's UK subsidiary, The Associated Octel Company Limited, has been charged by the Health and Safety Executive with two offences under the Health and Safety at Work Act 1974 and by the Environment Agency with three offences under the Environment Act 1990 in respect of a bromine gas emission on July 19, 1997, from a plant situated in Amlwch, North Wales, which was operated by that company at that time. A preliminary hearing took place on June 24, 1999 when the case was adjourned for hearing at Mold Crown Court on September 1, 1999. No remedies are being sought under civil law. External legal counsel has advised that the aggregate of fines and prosecution costs in respect of all such offences is unlikely to exceed US\$650,000. Provision has been made for this amount in the accounts of the Company.

The plant concerned was retained by GLCC when the Company was spun off in May 1998.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDER
- - - - -

At the Company's Annual Meeting of Stockholders held on May 11, 1999, two items were submitted to a vote of the security holders, which are more fully described in the Company's proxy statement dated March 30, 1999. The matters voted on at the meeting and the results of those votes were as follows:-

1. To elect two directors to serve until the 2002 Annual Meeting:

Director	For	Withheld
-----	---	-----
Thomas M Fulton	11,328,971	1,497,607
Charles M Hale	11,332,872	1,493,705

2. To ratify the appointment of PricewaterhouseCoopers as the Corporation's independent public accountants for the fiscal year ending December 31, 1999.

For	Against	Abstained
---	-----	-----
12,780,686	33,990	11,902

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 Combined Financial Data Schedule

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements 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.

Date: August 12, 1999

By /s/ _____

Dennis J Kerrison
President and
Chief Executive Officer

Date August 12, 1999

By /s/ _____

Alan G Jarvis
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description	Page No.
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27	Combined Financial Data Schedule	16

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS, STATEMENTS OF INCOME AND STATEMENTS OF CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT.

6-MOS	
	DEC-31-1999
	JAN-01-1999
	JUN-30-1999
	\$16,000
	0
	143,900
	2,100
	71,000
	233,600
	140,400
	34,200
	770,300
196,600	209,000
0	0
	100
	306,200
770,300	257,800
	265,200
	159,200
	208,200
	15,300
	1,300
	13,300
	41,500
	19,400
22,100	0
	0
	0
	\$22,100
	\$1.59
	\$1.54