

NEWMARKET CORP
Form DEF 14A
March 29, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NEWMARKET CORPORATION

(Name of Registrant as Specified In Its Charter)

Edgar Filing: NEWMARKET CORP - Form DEF 14A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NEWMARKET CORPORATION

330 South Fourth Street

Richmond, Virginia 23219

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of NewMarket Corporation will be held in the Virginia Historical Society building, 428 N. Boulevard, Richmond, Virginia, on Thursday, April 26, 2007, at 11:00 a.m., Eastern Daylight Time, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect a board of directors to serve for the ensuing year;
2. To ratify the appointment of PricewaterhouseCoopers LLP as NewMarket's independent registered public accounting firm for the fiscal year ending December 31, 2007; and
3. To transact such other business as may properly come before the meeting.

The record date for the determination of shareholders entitled to notice of and to vote at the annual meeting is March 1, 2007. Accordingly, only shareholders of record as of that date will be entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof.

Your vote is very important to us. Regardless of whether you expect to attend the meeting, please act promptly to vote your shares. You may vote your shares by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope, or you may vote your shares by telephone or over the Internet. If you are present at the meeting, you may vote in person even if you have previously submitted your proxy by mail, by telephone or over the Internet.

By Order of the Board of Directors

M. RUDOLPH WEST, *Secretary*

March 29, 2007

PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
OF
NEWMARKET CORPORATION

Approximate date of mailing March 29, 2007

Date, Time and Place of Annual Meeting

The annual meeting of shareholders of NewMarket Corporation is scheduled to be held as follows:

Date: Thursday, April 26, 2007

Time: 11:00 a.m., Eastern Daylight Time

Place: Virginia Historical Society

428 N. Boulevard

Richmond, Virginia

Proposals to be Considered at the Annual Meeting

At the annual meeting, you will be asked to consider and vote on the following proposals:

to elect seven directors;

to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and

to transact such other business as may properly come before the annual meeting.

In the event that a quorum is not present at the annual meeting, you may also be asked to vote upon a proposal to adjourn or postpone the annual meeting to solicit additional proxies.

Record Date

Our Board of Directors has fixed the close of business on March 1, 2007 as the record date for the annual meeting and only holders of record of NewMarket common stock on the record date are entitled to vote at the annual meeting. On the record date, there were outstanding 17,294,360 shares of NewMarket common stock.

Voting Rights and Quorum

Each share of NewMarket common stock is entitled to one vote. The presence in person or representation by proxy of holders of a majority of the shares of NewMarket common stock issued and outstanding as of the close of business on March 1, 2007 will constitute a quorum at the annual meeting. If a share is represented for any purpose at the meeting, it is deemed to be present for the transaction of all business.

Edgar Filing: NEWMARKET CORP - Form DEF 14A

Abstentions, withheld votes and shares held of record by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker shares that are not voted on any matter at the meeting will not be included in determining whether a quorum is present. In the event that a quorum is not present at the annual meeting, it is expected that the annual meeting will be adjourned or postponed to solicit additional proxies.

Vote Required

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of NewMarket common stock voted in the election of directors. Withheld votes will have no effect in the election of nominees for directors.

The appointment of PricewaterhouseCoopers LLP will be ratified if the votes cast in favor of ratification exceed the number of votes cast against ratification. Abstentions will have no effect on the proposal to ratify the appointment of PricewaterhouseCoopers LLP. If you hold your shares of NewMarket common stock in street name through a brokerage account, your broker may or may not vote your shares in its discretion depending on the proposals before the meeting in the absence of your voting instructions. Under the rules of the New York Stock Exchange, your broker may vote your shares in its discretion on routine matters. We believe that the election of directors and the ratification of the appointment of our independent registered public accounting firm are routine matters on which brokers will be permitted to vote on behalf of their clients if no voting instructions are furnished.

Voting and Revocation of Proxies

After carefully reading and considering the information contained in this proxy statement, you should complete, date and sign your proxy card and mail it in the enclosed return envelope as soon as possible so that your shares are represented at the annual meeting. Alternatively, you can vote by telephone or over the Internet by following the instructions provided on the enclosed proxy card. You can also vote in person at the meeting, but we encourage you to submit your proxy now in any event. Unless you specify to the contrary, all of your shares represented by valid proxies will be voted **FOR** all director nominees and **FOR** the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm and in the discretion of the proxy holders on any other matters that properly come before the annual meeting or any adjournments or postponements of the annual meeting.

The persons you name as proxies may propose and vote for one or more adjournments or postponements of the annual meeting, including adjournments or postponements to permit further solicitations of proxies.

Until exercised at the annual meeting, you can revoke your proxy and change your vote in any of the following ways:

by delivering written notification to NewMarket at its principal executive offices at 330 South Fourth Street, Richmond, Virginia 23219, Attention: Corporate Secretary;

by delivering a proxy of a later date by mail in the manner described in this proxy statement;

by changing your vote or revoking your proxy by telephone or over the Internet;

by attending the annual meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting); or

if you have instructed a broker or bank to vote your shares, by following the directions received from your broker or bank to change those instructions.

If you decide to vote by completing, signing, dating and returning the enclosed proxy card, you should retain a copy of the voter control number found on the proxy card in the event that you decide later to change or revoke your proxy by telephone or over the Internet.

Solicitation of Proxies

The accompanying proxy is being solicited by our Board of Directors, and we will pay for the entire cost of the solicitation. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for forwarding the solicitation material to the beneficial owners of NewMarket common stock held of record by those persons, and we may reimburse them for reasonable transaction and clerical expenses. In addition to the use of the mail, proxies may be solicited personally or by telephone, facsimile or other means of communication by our officers and regular employees. These people will receive no additional compensation for these services, but will be reimbursed for any expenses incurred by them in connection with these services. We have engaged The Altman Group, Inc., a proxy solicitation firm, to assist in the solicitation of proxies. We will pay that firm \$5,500 for its services and reimburse its out-of-pocket expenses for such items as mailing, copying, phone calls, faxes and other related matters, and will indemnify The Altman Group, Inc. against any losses arising out of that firm's proxy soliciting services on our behalf.

PROPOSAL 1:

ELECTION OF DIRECTORS

The Nominating and Corporate Governance Committee has recommended to our Board of Directors, and our Board of Directors has approved, the persons named below as nominees for election to our Board of Directors. Each of the nominees presently serves as a director. Proxies will be voted for the election as directors for the ensuing year of the persons named below (or if for any reason unavailable, of such substitutes as our Board of Directors may designate). Our Board of Directors has no reason to believe that any of the nominees will be unavailable to serve.

Phyllis L. Cothran; age 60; director since 1995; retired, having previously served as President and Chief Operating Officer of Trigon Healthcare, Inc., formerly Blue Cross and Blue Shield of Virginia (health insurance company).

Bruce C. Gottwald; age 73; director since 1962; Chairman of the Board and Chairman of the Executive Committee since June 1, 2001, having previously served as Chief Executive Officer and Chairman of the Board of Ethyl Corporation (provider of value-added manufacturing and supply solutions to the chemical industry and wholly owned subsidiary of NewMarket).

Thomas E. Gottwald; age 46; director since 1994; President and Chief Executive Officer of NewMarket since March 3, 2004, having previously served as President and Chief Executive Officer of Ethyl Corporation from June 1, 2001 through June 30, 2004 and President and Chief Operating Officer of Ethyl prior thereto.

Patrick D. Hanley; age 62; director since 2004; Senior Vice President-Finance and Accounting of UPS Ground Freight, Inc., formerly Overnite Corporation (truckload and less-than-truckload carrier and wholly owned subsidiary of United Parcel Service, Inc.) since July 31, 2003, having previously served as Senior Vice President and Chief Financial Officer of Overnite Transportation Company (wholly owned subsidiary of Overnite Corporation).

James E. Rogers; age 61; director since 2003; President of SCI Investors Inc. (private equity investment firm). Other directorships: Owens & Minor, Inc., Cadmus Communications Corporation, Wellman, Inc. and Caraustar Industries, Inc.

Sidney Buford Scott; age 74; director since 1959; Chairman of the Board of Scott & Stringfellow, Inc. (investment bankers and brokers).

Charles B. Walker; age 68; director since 1989; retired, having previously served as Vice Chairman of the Board of Albemarle Corporation (specialty chemicals company) from June 14, 2002 through January 31, 2003 and Vice Chairman of the Board and Chief Financial Officer of Albemarle Corporation prior thereto.

Our Board of Directors recommends that you vote FOR all of the nominees listed above.

Board of Directors

Our company is managed under the direction of our Board of Directors, which has adopted Corporate Governance Guidelines to set forth certain corporate governance practices. The Corporate Governance Guidelines are available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance.

Independence of Directors

Upon the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors has affirmatively determined that each of the following directors is independent under the general listing standards of the New York Stock Exchange, the exchange on which shares of NewMarket common stock are listed, and our Corporate Governance Guidelines: Messrs. Hanley, Rogers, Scott and Walker, and Ms. Cothran. Our Board has adopted categorical standards, as part of our Corporate Governance Guidelines, to assist it in making determinations of independence. Each of the directors identified as independent in this proxy statement meets these standards. A copy of these standards is attached as *Annex A* to this proxy statement.

Board Meetings

Our Board of Directors meets on a regularly scheduled basis during the year to review significant developments affecting our company and to act on matters requiring board approval, and may hold special meetings between scheduled meetings when appropriate. During 2006, our Board held five meetings. During 2006, each of the directors attended at least 92% of the aggregate of (1) the total number of meetings of all committees of our Board on which the director then served and (2) the total number of meetings of our Board of Directors.

Meetings of Non-Management Directors; Presiding Director

Our Corporate Governance Guidelines require that the non-management members of our Board of Directors meet in executive session at each regularly scheduled board meeting. Our Board of Directors has determined that a presiding director should chair all meetings of non-management directors, as provided in our Corporate Governance Guidelines. The presiding director position will rotate among the chairs of each of the independent board committees in the following order: Bonus, Salary and Stock Option Committee, Audit Committee and Nominating and Corporate Governance Committee. During those meetings, the presiding director has the responsibilities to lead the meeting, set the agenda and determine the information to be provided to the other non-management directors at the meeting. Shareholders and other interested persons may contact any of the non-management directors through the method described in *Communications with Our Board* below. Our Corporate Governance Guidelines also require that the independent members of our Board of Directors meet in executive session at each regularly scheduled board meeting.

Director Attendance at Annual Meeting

Our policy is that directors attend the annual meeting of shareholders each year. All directors, who were directors on the date of last year's annual meeting of shareholders, attended last year's annual meeting of shareholders.

Communications with Our Board

Our Board of Directors unanimously has approved a process for shareholders to send communications to the Board and individual directors. Shareholders and other interested persons may communicate with the full Board of Directors, a specified committee of our Board, the non-management directors or a specified individual member of our Board in writing by mail c/o NewMarket Corporation, 330 South Fourth Street, Richmond, Virginia 23219, Attention: Chief Legal Officer. All communications will be forwarded to our Board of Directors, the specified committee of our Board or the specified individual director, as appropriate. We screen all regular mail for security purposes.

Committees of Our Board

Our Board of Directors has established various committees to assist it with the performance of its responsibilities. These committees and their current members are described below.

Executive Committee

The Executive Committee currently consists of Messrs. Bruce C. Gottwald (Chairman), Thomas E. Gottwald and Scott. During 2006, the Executive Committee did not meet. The Executive Committee exercises all of the powers of our Board of Directors in the management of the ordinary business of our company when our Board of Directors is not in session.

Audit Committee

Messrs. Walker (Chairman), Hanley and Scott and Ms. Cothran currently serve on the Audit Committee. The Audit Committee operates under a written charter adopted by our Board of Directors, which is available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance. During 2006, the Audit Committee met on seven occasions. The primary function of the Audit Committee is to assist our Board of Directors in discharging its oversight responsibilities relating to our accounting, reporting, including our internal control over financial reporting, and financial practices by monitoring (1) these practices, generally, (2) the integrity of the financial statements and other financial information provided by us to any governmental body or the public, (3) our compliance with legal and regulatory requirements, (4) our independent registered public accounting firm's qualifications and independence and (5) the performance of our independent registered public accounting firm and internal audit function. The Audit Committee, among other things, approves the engagement of our independent registered public accounting firm, subject to shareholder ratification. For a further description of the Audit Committee's specific responsibilities, see the Audit Committee's charter. Upon the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors has determined that each of the members of the Audit Committee is independent, as that term is defined under the enhanced independence standards for Audit Committee members in the Securities Exchange Act of 1934 and the rules thereunder, as incorporated into the listing standards of the New York Stock Exchange, and in accordance with our Audit Committee charter. Our Board of Directors has also determined that each of Ms. Cothran and Messrs. Hanley and Walker is an Audit Committee financial expert, as that term is defined in the rules promulgated by the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002. Our Board has further determined that each of the members of the Audit Committee is financially literate and that each of the members of the Audit Committee has accounting or related financial management expertise, as such terms are interpreted by our Board in its business judgment.

Bonus, Salary and Stock Option Committee

Messrs. Rogers (Chairman), Hanley and Walker and Ms. Cothran currently serve on the Bonus, Salary and Stock Option Committee. The Bonus, Salary and Stock Option Committee operates under a written charter adopted by our Board of Directors, which is available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance. Our Board of Directors has determined that each of the members of the Bonus, Salary and Stock Option Committee is independent under the general independence standards of the listing standards of the New York Stock Exchange and our Corporate Governance Guidelines. During 2006, the Bonus, Salary and Stock Option Committee met on six occasions. This committee approves the compensation of our directors, management-level employees and, together with all of our independent directors, approves the compensation of our Chief Executive Officer. It also approves all bonus awards, certain consultant agreements and initial salaries of new management-level personnel and grants awards under the 2004 NewMarket Corporation Incentive Compensation and Stock Plan, which we refer to in this proxy statement as the 2004 Incentive Plan. The committee has the sole authority to retain and terminate compensation consultants or other advisors to assist it with its duties. The committee has the sole authority to approve the fees and other retention terms of any such consultant or advisor. The committee may form and delegate its authority to subcommittees where appropriate. For a discussion of the objectives and philosophy of our executive compensation program, see Compensation Discussion and Analysis beginning on page 12. For a description of the 2004 Incentive Plan, see Compensation Discussion and Analysis Stock Options and Grants on page 14.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently consists of Messrs. Scott (Chairman), Hanley and Rogers and Ms. Cothran. The Nominating and Corporate Governance Committee operates under a written charter adopted by our Board of Directors, which is available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance. Our Board of Directors has determined that each of the members of the Nominating and Corporate Governance Committee is independent under the general independence standards of the listing standards of the New York Stock Exchange and our Corporate Governance Guidelines. The Nominating and Corporate Governance Committee met on two occasions during 2006. This committee develops and recommends to our Board of Directors appropriate corporate governance guidelines and policies, monitors and evaluates the implementation of such guidelines and policies, identifies individuals qualified to act as directors and recommends director candidates to our Board for nomination by our Board.

Nominating and Corporate Governance Committee Process for Identifying and Evaluating Director Candidates. The Nominating and Corporate Governance Committee evaluates all director candidates in accordance with the director qualification standards described in our Corporate Governance Guidelines. The Nominating and Corporate Governance Committee evaluates any candidate's qualifications to serve as a member of our Board based on the skills and experience of individual board members as well as the skills and experience of our Board as a whole. In addition, the Nominating and Corporate Governance Committee will evaluate a candidate's independence, skills and experience in the context of our Board's needs.

Director Candidate Recommendations and Nominations by Shareholders. The Nominating and Corporate Governance Committee's charter provides that the Nominating and Corporate Governance Committee will consider director candidate recommendations by shareholders. Shareholders should submit any such recommendations for the Nominating and Corporate Governance Committee through the method described under Communications with Our Board above. In addition, in accordance with our amended bylaws, any shareholder entitled to vote for the election of directors may nominate persons for election to our Board of Directors so long as such shareholder complies with the procedures set forth in our amended bylaws and summarized in Shareholder Proposals beginning on page 29. There are no differences in the manner in which the committee evaluates director candidates based on whether the candidate is recommended by a shareholder. The Nominating and Corporate Governance Committee did not receive any recommendations from any shareholders in connection with the annual meeting.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which is available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance, that outlines the principles, policies and laws that are intended to guide our directors, officers and employees (including our Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer). We maintain several methods for the reporting of violations of our Code of Business Conduct and Ethics or other concerns, including a toll-free hotline. We prohibit retaliation of any kind against employees for good faith reports of ethical violations.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of our Code of Business Conduct and Ethics applicable to the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer by posting this information on our Internet website.

Availability of Corporate Governance Guidelines, Code of Business Conduct and Ethics and Committee Charters

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the Audit Committee, Bonus, Salary and Stock Option Committee and Nominating and Corporate Governance Committee are available on our Internet website at <http://www.newmarket.com> under Investor Relations, Corporate Governance and in print to any shareholder upon request by contacting our corporate secretary as described in Certain Matters Relating to Proxy Materials and Annual Reports Electronic Access of Proxy Materials and Annual Reports on page 30.

Compensation of Directors

Our Board determines the form and amount of compensation for our non-employee directors based on the recommendation of the Bonus, Salary and Stock Option Committee, which conducts an annual review of compensation for our non-employee directors. As part of its review, the Bonus, Salary and Stock Option Committee considers whether a director's independence will be jeopardized (1) if director compensation and perquisites exceed customary levels, (2) if our company makes charitable contributions to organizations with which a director is affiliated or (3) if our company enters into contracts with, or provides other indirect forms of compensation to, a director or organization with which a director is affiliated.

Under its charter, the Bonus, Salary and Stock Option Committee has sole authority to retain and terminate compensation consultants and other advisors to assist it with its duties and to approve fees and retention terms related to those consultants and advisors. The Bonus, Salary and Stock Option Committee may also form and delegate its authority to subcommittees where appropriate.

The following table presents information relating to total compensation of our non-employee directors for the fiscal year ended December 31, 2006.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Phyllis L. Cothran	\$ 55,000	\$ 5,179	\$ 0	\$ 0	\$ 0	\$ 60,179
Bruce C. Gottwald	152,500	0	0	(2)	444,322(3)	596,822
Patrick D. Hanley	55,000	5,179	0	0	0	60,179
James E. Rogers	43,000	5,179	0	0	0	48,179
Sidney Buford Scott	46,000	5,179	0	0	0	51,179
Charles B. Walker	52,000	5,179	0	0	0	57,179

- (1) Represents (a) the dollar amount we recognized for financial reporting purposes with respect to the fiscal year ended December 31, 2006 and (b) the grant date fair market value in each case computed in accordance with FAS 123R of the shares of NewMarket common stock awarded to each non-employee director under the terms of our Non-Employees Directors' Stock Acquisition Plan. For a description of this plan, see "Non-Employee Directors' Stock Acquisition Plan" below.
- (2) The present value of Mr. Bruce Gottwald's accumulated benefit under the NewMarket Corporation and Affiliates Excess Benefit Plan, which we refer to in this proxy statement as the Excess Benefit Plan, as of December 31, 2006, was \$4,633,666. For a description of the Excess Benefit Plan, see "Compensation of Executive Officers' Pension Benefits' Excess Benefit Plan" on page 22 of this proxy statement. Mr. Bruce Gottwald, our retired Chief Executive Officer and current Chairman of the Board of Directors, is our only non-employee director who is eligible to receive any benefits under our pension-related plans. His eligibility is due to his past service as an executive.

The actuarial present value from December 31, 2005, the measurement date used for financial statement reporting purposes with respect to our audited consolidated financial statements for the fiscal year ended December 31, 2005, to December 31, 2006, the measurement date used for financial statement reporting purposes with respect to our audited consolidated financial statements for the fiscal year ended December 31, 2006, of Mr. Bruce Gottwald's benefit under the Excess Benefit Plan decreased \$265,224. The decrease was due to (a) a change in the discount rate to 5.875% causing a decrease of \$131,876, (b) a change in the discount period resulting in an increase of \$310,974 and (c) a payment to Mr. Bruce Gottwald in the amount of \$444,322 under the Excess Benefit Plan.

For purposes of computing the actuarial present value of the accrued benefit payable to Mr. Bruce Gottwald, we used the same assumptions used for financial reporting purposes under accounting principles generally accepted in the United States, or GAAP, including that (a) the retirement age is the normal retirement age (age 65) under the Excess Benefit Plan, (b) a 5.5% discount rate for the measurement period ended December 31, 2005 and a 5.875% discount rate for the measurement period ended December 31, 2006 and (c) payments will be made on a straight-life monthly annuity basis. Mr. Bruce Gottwald remained in our employ until he reached the normal retirement age. For a description of the assumptions we used, see Note 18 to our consolidated financial statements and the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations both of which are included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement.

- (3) Mr. Bruce Gottwald receives an annual benefit of \$444,322 from the Excess Benefit Plan in the form of a 100% joint and survivor annuity, which is an annuity for the life of the participant and for the life of his or her surviving spouse, at the same rate. The first 60 months of the annuity are guaranteed.

Non-Employee Directors Fees

During 2006, we paid each of our non-employee directors (a) \$1,500 for attendance at each board meeting and (b) \$1,500 for attendance at each meeting of a committee of our Board of Directors of which he or she is a member. In addition, we paid each of our non-employee directors a quarterly fee of \$6,250. During 2006, we paid a \$30,000 quarterly fee to Mr. Bruce C. Gottwald for serving as Chairman of the Board of Directors. We do not pay employee members of our Board of Directors separately for their service on our Board or its committees.

In 2007, we will continue to pay our non-employee directors (a) \$1,500 for attendance at each board meeting and (b) \$1,500 for attendance at each meeting of a committee of our Board of Directors of which he or she is a member. We have increased the annual stock grant we make to each non-employee director from \$5,000 to \$20,000. As of January 1, 2007, we began paying the following quarterly retainers: (a) \$7,500 to our non-employee directors; (b) \$35,000 to our Chairman of the Board; (c) \$1,250 to each member of our Audit Committee and an additional \$1,250 to the Chairman of our Audit Committee; (d) \$1,250 to the Chairman of our Bonus, Salary and Stock Option Committee; and (e) \$1,250 to the Chairman of our Nominating and Corporate Governance Committee.

Directors Retirement Benefits

Any director who was elected to our Board on or before February 23, 1995 and who retires from our Board will receive \$12,000 per year for life after age 60. The \$12,000 is payable in quarterly installments. The retirement payments to former directors may be discontinued under certain circumstances. Of our current directors, Messrs. Bruce C. Gottwald, Thomas E. Gottwald, Scott and Walker, and Ms. Cothran are eligible for this benefit upon their retirement after age 60.

Non-Employee Directors Stock Acquisition Plan

Under the NewMarket Corporation Non-Employee Directors Stock Acquisition Plan, which we refer to in this proxy statement as the Non-Employee Directors Stock Plan, each non-employee director is awarded on each July 1 that number of whole shares of NewMarket common stock that, when multiplied by the closing price of NewMarket common stock on the immediately preceding business day, as reported in *The Wall Street Journal*, equal as nearly as possible but do not exceed \$5,000. The shares of NewMarket common stock awarded under the Non-Employee Directors Stock Plan are nonforfeitable and the recipient directors immediately and fully vest in the NewMarket common stock issued under the Non-Employee Directors Stock Plan. Subject only to the limitations on transfer as may be specified by applicable securities laws, directors may sell their shares under the Non-Employee Directors Stock Plan at any time. We terminated the Non-Employee Directors Stock Plan on February 22, 2007 and made no awards after July 1, 2006. In July 2007, we will begin granting stock awards to directors under the 2004 Incentive Plan.

Certain Relationships and Related Transactions

Thomas E. Gottwald, President, Chief Executive Officer and director of our company, is a son of Bruce C. Gottwald, Chairman of the Board of Directors of our company. Russell L. Gottwald, Jr., the President of Ethyl Corporation, a wholly owned subsidiary of NewMarket, is the first cousin of Bruce C. Gottwald. The members of the family of Bruce C. Gottwald may be deemed to be control persons of our company.

Our policy is to require that any transaction with a related person required to be reported under applicable Securities and Exchange Commission rules be reviewed and approved or ratified by a committee consisting of independent directors. We have not adopted procedures for review of, or standards for approval of, these transactions, but instead review related person transactions on a case-by-case basis.

Beneficial Ownership Reporting Compliance

Based solely on our review of the forms required by Section 16(a) of the Exchange Act that we have received, we believe that there has been compliance with all filing requirements applicable to our officers and directors and beneficial owners of greater than 10% of NewMarket common stock.

Stock Ownership**Principal Shareholders**

The following table lists any person (including any group as that term is used in Section 13(d)(3) of the Exchange Act) who, to our knowledge, was the beneficial owner as of January 31, 2007, of more than 5% of our outstanding voting shares.

Title of Class	Name and Address of Beneficial Owners	Number of Shares	Percent of Class
Common Stock	Bruce C. Gottwald 330 South Fourth Street Richmond, Virginia 23219	1,642,786(a)(b)	9.50%
	Goldman Sachs Asset Management, L.P. 32 Old Slip New York, New York 10005	1,661,177(c)	9.60%(c)
	Renaissance Technologies Corp. 800 Third Avenue New York, New York 10022	1,008,100(d)	5.84%(d)

- (a) As of January 31, 2006, Bruce C. Gottwald had sole voting and investment power over all of the shares disclosed except 62,451 shares held by his wife and in certain trust relationships as to which he disclaims beneficial ownership. This amount does not include an aggregate of 427,011 shares (2.46%) of NewMarket common stock beneficially owned by the adult sons of Bruce C. Gottwald or an aggregate of 637,220 shares (3.68%) beneficially owned by three separate trusts of which each of the adult sons of Bruce C. Gottwald and his wife are co-trustees. Bruce C. Gottwald and his adult sons have no agreement with respect to the acquisition, retention, disposition or voting of NewMarket common stock.
- (b) This amount does not include any shares owned of record by Merrill Lynch Trust Company, as trustee under our savings plan for the benefit of our employees. Shares held under our savings plan are voted by the trustee in accordance with instructions solicited from employees participating in the plan. If a participating employee does not give the trustee voting instructions, his or her shares generally are voted by the trustee in accordance with our Board's recommendations to the shareholders. Because members of the family of Bruce C. Gottwald are executive officers and directors of our company and are among our largest shareholders, they may be deemed to be control persons of our company and to have the capacity to control any such recommendation of our Board of Directors.
- (c) Information provided is based solely on Amendment No. 1 to Schedule 13G filed on February 9, 2007 by Goldman Sachs Asset Management, L.P., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940.
- (d) Information provided is based solely on Schedule 13G filed on February 12, 2007 by Renaissance Technologies Corp., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, and James H. Simons, the control person of Renaissance Technologies Corp.

Directors and Executive Officers

The following table sets forth as of January 31, 2007, the beneficial ownership of NewMarket common stock by all of our directors, our Chief Executive Officer and our other executive officers listed under Compensation of Executive Officers on page 17 and all of our directors and executive officers as a group. Unless otherwise indicated, each person listed below has sole voting and investment power over all shares beneficially owned by him or her.

Name of Beneficial Owner	Number of Shares	Number of Shares	Total	
or Number of	with Sole Voting and	with Shared Voting	Number	Percent of
Persons in Group	Investment Power(1)	and Investment Power	of Shares	Class(2)
Phyllis L. Cothran	2,978		2,978	
Steven M. Edmonds	22,397		22,397	
David A. Fiorenza	8,146		8,146	
Bruce C. Gottwald	1,580,335	62,451(3)	1,642,786	9.50%
Thomas E. Gottwald	187,275	29,208(4)	216,483	1.25%
Patrick D. Hanley	439		439	
Bruce R. Hazelgrove, III	17,191	1,070	18,261	
C. S. Warren Huang	15,138		15,138	
James E. Rogers	3,193		3,193	
Sidney Buford Scott	15,023		15,023(5)	
Charles B. Walker	14,009		14,009	
Directors and executive officers as a group (15 persons)	1,916,635	94,985	2,011,620	11.62%

- (1) The amounts in this column include shares of NewMarket common stock with respect to which certain persons had the right to acquire beneficial ownership within 60 days of January 31, 2006, pursuant to the exercise of options granted under the 1982 Stock Option Plan: Steven M. Edmonds: 20,000 shares; David A. Fiorenza: 8,000 shares; Thomas E. Gottwald: 30,000 shares; C. S. Warren Huang: 15,000 shares; and the directors and executive officers as a group: 77,000 shares.
- (2) Except as indicated, each person or group owns less than 1% of NewMarket common stock.
- (3) Mr. Bruce C. Gottwald disclaims beneficial ownership of all 62,451 of such shares.
- (4) Mr. Thomas E. Gottwald disclaims beneficial ownership of all 29,208 of such shares.
- (5) Mr. Sidney Buford Scott has pledged as security all 15,023 of such shares.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Our executive compensation philosophy is to create a long-term direct relationship between pay and our performance. Our executive compensation program is managed to provide a balanced total compensation package over the executive's career with our company. The package is designed to attract, motivate and retain highly qualified executives, to provide incentives for increasing our profits by awarding executives when individual and corporate goals are achieved and to align the interests of executives and long-term shareholders. The compensation package of our named executive officers consists of four main elements:

1. base salary in the 50th percentile range among peer group companies;
2. annual performance awards payable in cash and tied to corporate and individual objectives;
3. periodic awards of stock options and grants intended to achieve unity of interest between executives and shareholders; and
4. benefit plans designed to promote long-term employment.

Process for Setting Executive Compensation

The Bonus, Salary and Stock Option Committee, referred to as the Committee in this discussion, is responsible for developing and overseeing the implementation of our philosophy with respect to the compensation of executives and for monitoring the implementation and results of the compensation philosophy to ensure compensation remains competitive, creates proper incentives to enhance shareholder value, rewards superior performance and is justified by returns available to shareholders. The Committee annually reviews and approves for each named executive officer, and particularly with regard to the Chief Executive Officer, all components of compensation, corporate goals and objectives and performance in light of the stated goals and objectives. Additionally, the Committee reviews and approves the base salary, annual and long term incentive opportunities, employment agreements, severance agreements, change in control agreements, if applicable, and any other special or supplemental benefits of the named executive officers. The Chief Executive Officer annually provides the Committee a written evaluation of each named executive officer's performance based on the goals and objectives developed by the Chief Executive Officer and named executive officer at the beginning of the year. As part of the evaluation, the Chief Executive Officer provides a statement of the named executive's accomplishments versus established goals to support the compensation recommended to the Committee.

Under its charter, the Committee has the sole authority to retain and terminate one or more compensation consultants or other advisors to assist it with its duties. For 2006, the Committee engaged Frederic W. Cook & Co., Inc. as its compensation consultant to advise it on our executive compensation program and to provide it with market benchmarking data. The Committee provided instructions to the consultants pertaining to the scope of work to be performed but did not direct the manner in which the work was performed.

Program Components

Our executive compensation program consists of the following elements:

Base Salary

With our base salary structure, we strive to provide salaries that encourage internal growth, attract new talent and reward strong leadership that will sustain our growth and profitability. We seek to pay salaries within the 50th percentile for peer group companies and have historically found that maintaining salaries within a 15% range of that percentile allows us to retain our existing executives and hire the desired caliber of new talent when required. These peer group companies include some of the companies listed on the Standard & Poor's 1500 Specialty Chemical Index. The base salary for each named executive officer reflects our past and current operating profits, the named executive officer's individual contribution to our success throughout his career, internal pay equity and market data regarding comparable positions within peer group companies. In determining and managing base salary, the Committee considers all of these factors, though it does not assign specific weights to any factor.

Our annual review of market data regarding compensation paid by the peer group companies revealed that the average base salaries of our named executive officers for 2005 fell between 79% and 98% of the median base salary for executives in comparable positions. In 2006, the named executive officers other than the Chief Executive Officer received average raises in salary of 3.6%, while the Chief Executive Officer received a 5% raise. The Chief Executive Officer's salary is 21% below the median base salary for peer group companies. While this salary falls below the established target of the +/- 15% range of the median, it is consistent with managing compensation over an executive's entire career. Overall, the salary increases fell within the 2006 merit increase guidelines for rewarding performance based upon the accomplishment of the goals and objectives established at the beginning of the year.

Bonus

The objectives of our Management Bonus Plan, which became effective January 1, 2003 and which we refer to in this proxy statement as the Bonus Plan, are to encourage and reward our employees, including the named executive officers, who contribute to and participate in our success by their invention, ability, industry, loyalty or exceptional service and to recruit additional executives who will contribute to that success. Each of our employees is eligible for consideration for a cash award under the Bonus Plan. The Chief Executive Officer makes recommendations regarding bonus awards, but the Committee has sole and final authority in designating employees to whom awards are made, the size of the award, if any, and its terms and conditions. The Bonus Plan is comprised of three components: the bonus pool, measuring individual performance and corporate performance and weighting of performance measures (individual and corporate).

Bonus Pool. After the end of each fiscal year, we calculate the annual bonus pool available under the Bonus Plan for the next fiscal year. The annual bonus pool is calculated as a percentage of net operating income excluding nonrecurring items (corporate performance). The specific percentage is subject to approval by the Committee and is determined on an annual basis. For bonus awards made in early 2007 based on 2006 performance, the Committee approved a bonus pool consisting of 3.5% of our 2006 net operating income. Funding of the bonus pool serves as the basis for determining payout targets. The payout targets are determined first by the job level then adjusted for the individual and corporate performance measures discussed below. The payout target is expressed as a percentage of base salary. The plan does not guarantee an annual payout, but establishes guidelines for deriving the bonus pool.

Measuring Individual Performance and Corporate Performance. At the beginning of each year, each eligible employee establishes goals and objectives for the upcoming year. These goals and objectives are reviewed with and approved by the employee's manager. After the end of each year, each eligible employee receives an annual performance review and is assigned a rating based on individual performance. The rating determines the percentage of the target payout for which an employee is eligible. Based on this assessment, an employee may receive up to 150% of the target payout for which he or she is eligible for the individual performance component.

Corporate performance is based on the achievement of general corporate goals such as growth in our petroleum additives segment, the management of the declining tetraethyl lead product line and the successful completion of other specified corporate objectives. An employee may receive up to 100% of the target payout for which he or she is eligible for the corporate performance component.

Weighting of Performance Measures (Individual and Corporate). The Bonus Plan provides for weighting the corporate performance measure and individual performance measure according to the level/responsibility in our company. The awards for the executive level positions and sales positions are weighted more heavily by the corporate performance measure and less by the individual performance measure. Awards for the non-executive/non-sales positions are weighted more heavily by the individual performance measure than the corporate performance measure. This practice ensures that managers who have the most influence over corporate results receive awards that are primarily based on corporate results. When we have a successful year and exceed our financial goals, employees may receive higher payouts. Consequently, when financial results are not as good, the result may be lower payouts to employees.

Management reviews the individual's performance, the individual's base pay/total compensation package relative to the peer group companies, the target incentive as established by the Bonus Plan and, based on all of these factors, establishes a proposed pay out recommendation for the Committee's consideration.

As shown in the Summary Compensation table, in early 2007, we awarded each of the named executive officers bonuses based primarily on our success in 2006, including growth in the petroleum additives business and successful management of the contribution from the declining tetraethyl lead product line. The bonuses awarded in 2006 met the targeted payout under the Bonus Plan calculus. Overall the bonuses fell within the established guidelines under the Bonus Plan for rewarding performance based upon prescribed objectives.

We believe our methodologies for awarding salary and bonus have allowed and will continue to allow us to meet the objectives of the compensation program.

Stock Options and Grants

We encourage, but do not insist on, executive ownership of NewMarket common stock. Methods of supporting ownership include the 2004 Incentive Plan and the company sponsored Savings Plan, which is discussed under Benefits below.

Under the 2004 NewMarket Corporation Incentive Compensation and Stock Plan, which we refer to in this proxy statement as the 2004 Incentive Plan, we may grant executives and any employee or Board member options to purchase shares of NewMarket common stock, stock appreciation rights (SARs) along with those options, stock awards and incentive awards. We believe that the 2004 Incentive Plan will allow us to recruit and retain talented individuals by enabling such individuals to participate in our future success and align their interests with our interest and those of our shareholders. The Committee administers the 2004 Incentive Plan and has sole discretion to grant awards and place conditions on those awards in accompanying agreements, including on such factors as the exercisability of all or part of an option or SAR or on the transferability or forfeitability of any stock or incentive award by requiring, for example, the completion of a specified period of service with our company or our achievement of a certain level of financial performance or financial return. A grant of stock options entitles the executive to purchase a specified number of shares of common stock at a price the Committee fixes at the time of granting the option; provided, however, the price may not be less than the shares' fair market value on the date of grant. At the time it grants the option, the Committee fixes the maximum period in which the option may be exercised but, in the case of an incentive stock option, that period cannot exceed 10 years.

The 2004 Incentive Plan also contains change in control provisions that provide that if the agreement accompanying each award so provides, on or after the date of a change in control any option award and any SAR granted along with an option vest immediately, any stock award becomes immediately transferable and nonforfeitable and any incentive award is deemed earned in its entirety. We believe the change in control provision provides flexibility as a tool to both attract and retain top talent.

Stock based compensation has been used as a retention tool and a long-term incentive mechanism for key employees. The most recent grants were awarded in 2001/2002. Consideration of new grants is made annually. Given the dramatic increase in the price of NewMarket common stock from the exercise price of the 2001/2002 grants, the other components of total compensation and general conditions within the industry, the Chief Executive Officer has not recommended any additional grants over the past four years. We will continue to evaluate the need and effectiveness of stock based awards on an annual basis.

We have not timed nor do we plan to time our release of material non-public information for the purpose of affecting the value of executive compensation.