

LUBRIZOL CORP  
Form DEF 14A  
March 14, 2001

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SCHEDULE 14A  
(RULE 14a)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
(AMENDMENT NO. )

Filed by the Registrant  [X]

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))
- [X] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [ ] Soliciting Material Pursuant to sec.240.14a-11(c) or sec.240.14a-12

THE LUBRIZOL CORPORATION  
(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

XXXXXXXXXXXXXXXXXXXX  
(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of 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 transaction:
- (5) Total fee paid:

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

(3) Filing Party:

(4) Date Filed:

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THE LUBRIZOL CORPORATION  
29400 Lakeland Boulevard  
Wickliffe, Ohio 44092

NOTICE OF ANNUAL MEETING

To Our Shareholders:

The 2001 Annual Meeting of Shareholders of The Lubrizol Corporation will be held at the Radisson Hotel & Conference Center - Eastlake, 35000 Curtis Boulevard, Eastlake, Ohio, on Monday, April 23, 2001, at 10:00 a.m. At the meeting, we will ask you to:

1. Elect four directors for three-year terms;
2. Confirm the appointment of Deloitte & Touche LLP as independent auditors; and
3. Transact other business that is properly presented at the meeting.

Shareholders of record at the close of business on March 2, 2001, may vote at the meeting. The procedures for voting are described in the attached proxy statement.

The business of the meeting and other information of interest to shareholders is described in the attached proxy statement. At the meeting, we also will report on current operations and plans and have a question and answer period.

At the 2000 meeting, approximately 89% of the shares were voted either in person or by proxy. Your continued support is appreciated, and we hope that you will be able to join us at the April 23 meeting.

K. H. Hopping  
Secretary

Wickliffe, Ohio  
March 14, 2001

RETURN OF PROXIES REQUESTED

YOUR VOTE IS IMPORTANT. YOU CAN VOTE BY  
TELEPHONE, OVER THE INTERNET OR BY  
MAILING THE ENCLOSED PROXY CARD.

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PROXY STATEMENT

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VOTING INFORMATION

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What may I vote on?

The Board of Directors asks for your vote on two proposals:

- Election of nominees to serve on the Board of Directors; and
- Approval of the appointment of Deloitte & Touche LLP as our independent auditors.

Who can vote?

People who owned shares at the close of business on March 2, 2001, can vote at the annual meeting. On March 2, 2001, there were 51,274,353 outstanding shares of Lubrizol. Each share is entitled to one vote. This proxy statement and the enclosed proxy card were first mailed to shareholders on or about March 14, 2001.

How do I vote?

You can vote any one of three ways:

- **By Telephone:** Call the toll-free number (at no cost to you) on your proxy card to vote by telephone. Telephone voting is available 24 hours a day. Easy-to-follow voice prompts allow you to vote your shares and confirm that your vote has been properly recorded. Our telephone voting procedures are designed to verify shareholders by using the individual control numbers provided on the proxy cards.

IF YOU VOTE BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.

- **Over the Internet:** Visit the Web site listed on your proxy card to vote over the Internet. Internet voting is available 24 hours a day. As with telephone voting, you will use the control number listed on your proxy card, and you will be given the opportunity to confirm that your vote has been properly recorded.

IF YOU VOTE OVER THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.

- **By Mail:** Mark, sign, date and mail the enclosed proxy card to American Stock Transfer & Trust Company in the enclosed postage-paid envelope.

If you sign and return your proxy card or use the telephone or Internet voting procedures, but do not indicate how you wish to vote, your shares will be voted FOR the two proposals. If you indicate that you abstain, you will be counted as present at the annual meeting for purposes of determining whether there is a majority of outstanding shares at the meeting and you will be counted as voting (but not for or against) that issue. Any broker nonvote also will be counted as present at the annual meeting for purposes of determining whether there is a majority of outstanding shares at the meeting but will not be counted as voted.

We are not aware of any other business which will be presented at the annual meeting. But, if there is other business that is properly presented at the meeting, your signature on a proxy card or through the telephone or Internet procedures gives authority to W.G. Bares, Chairman, President and Chief Executive Officer; C.P. Cooley, Vice President, Treasurer and Chief Financial Officer; and K. H. Hopping, Vice President and Secretary, to vote on those

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matters in their best judgment.

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Can I revoke my vote?

You may revoke your proxy at any time before it is voted at the meeting by:

- notifying Lubrizol's corporate secretary in writing;
- voting at a later time by telephone or over the Internet;
- returning a later-dated proxy card; or
- voting in person at the annual meeting.

Your most recent vote will be the one used as your vote.

Who tabulates the vote?

American Stock Transfer & Trust Company serves as the independent tabulator of votes and inspector of elections. It will report the voting results to us. However, it will not identify to us how you voted on any issue unless:

- there is a contested election for the Board of Directors;
- it is required by law; or
- you request it.

Who is paying for this proxy solicitation?

We are paying for the cost of soliciting your vote, including the cost of mailing the proxy statement and proxy card as well as the costs of the telephone and Internet voting procedures. We will, upon request, reimburse brokerage houses, custodians, nominees and others for the out-of-pocket and reasonable clerical expenses they incur in connection with this proxy solicitation.

Can I access the proxy statement and the annual report electronically?

The proxy statement and 2000 annual report are on our Internet site at [www.lubrizol.com](http://www.lubrizol.com).

You can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. You can choose this option and save us the cost of producing and mailing these documents by following the instructions provided on your proxy card. If you chose this option, we will furnish you with instructions next year containing the Internet address to access our proxy statement and annual report, but you will not receive paper copies of either document.

If you hold stock through a bank, broker or other holder of record, check the information provided by them for instructions on how to elect to view future proxy statements and annual reports over the Internet. Most shareholders who hold stock through a bank, broker or other holder of record and who elect electronic access will receive an e-mail next year containing the Internet address to access our proxy statement and annual report.

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ELECTION OF DIRECTORS  
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Lubrizol has eleven directors, divided into three classes. Two classes have four members each and one class has three members. The directors in each class are elected for three-year terms so that the term of office of one class of directors expires at each annual meeting.

The Organization and Compensation Committee has recommended, and the Board of Directors has approved, the nomination of the following four persons for election as directors at this annual meeting:

- Gordon D. Harnett
- Victoria F. Haynes
- William P. Madar
- M. Thomas Moore

Each of these persons is currently a director and is being nominated for a three-year term that will end in 2004. If any of these persons becomes unavailable for election, your signed proxy will be voted for the election of any person who is recommended by the Organization and Compensation Committee or will be voted in favor of holding a vacancy to be filled by the directors. The persons who receive the greatest number of votes will be elected to the open director positions.

The following information is presented for each person who is being nominated for election as a director and for each other director who will continue in office after the meeting:

NOMINEES FOR ELECTION

[GORDON D. HARNETT  
PHOTO]

GORDON D. HARNETT, age 58, is Chairman, President and Chief Executive Officer of Brush Engineered Materials Inc., the world's largest producer of beryllium and beryllium-containing engineered products. Prior to joining Brush Wellman in 1991, Mr. Harnett had been Senior Vice President of The BFGoodrich Company. From 1977 to 1988, he had held a series of senior executive positions with Tremco Inc., a wholly owned subsidiary of BFGoodrich, including President and Chief Executive Officer from 1982 to 1988. From 1969 through 1976, Mr. Harnett worked for McKinsey & Co., including a two-year assignment in Tokyo. Mr. Harnett became a Lubrizol director in 1995. Mr. Harnett graduated from Miami University in 1964 with a B.S. degree in business administration. He received an M.B.A. from Harvard University in 1969. Mr. Harnett is a director of National City Bank and PolyOne Corporation. In addition, he is a trustee of Hathaway Brown, Cleveland Tomorrow, Greater Cleveland Growth Association and Playhouse Square Foundation and is Chairman of Cleveland Development Advisors, Inc.

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[VICTORIA F. HAYNES  
PHOTO]

VICTORIA F. HAYNES, age 53, is President of the Research Triangle Institute, which provides government and industry clients with research and development services in health, pharmaceuticals, environmental protection, advanced technologies and public policy. Prior to joining Research Triangle Institute in June 1999, Dr. Haynes was Vice President-Research and Development and Chief Technical Officer of The BFGoodrich Company, a specialty chemicals and aerospace company. Dr. Haynes became a Lubrizol director in 1995. Dr. Haynes graduated from the University of California at Berkeley in 1969 with a B.S. in chemistry. She received an M.A. in college teaching in 1971 and a Ph.D. in physical/organic chemistry in 1975 from Boston University and followed with a post doctoral associate assignment at Purdue University for two years. Dr. Haynes is a director of Nucor Corporation, Ziptronix, Inc., Microelectronics Center of North Carolina, North Carolina Biotechnology Center and the North Carolina Board of Science and Technology. In addition, she is on the advisory boards at Pacific Northwest Laboratory, Los Alamos National Laboratory and the Sandia Engineering Research Foundation, and is active in the Council on Competitiveness.

[WILLIAM P. MADAR  
PHOTO]

WILLIAM P. MADAR, age 61, is Chairman of the Board of Nordson Corporation. He was Chief Executive Officer of Nordson until he retired from that position in 1997. Nordson Corporation manufactures and worldwide markets industrial equipment, along with the software and application technologies that enhance its use. He is also Chairman of the Board of cPref, a developer of software for the market research service industry. A 1961 graduate of Purdue University with a B.S. degree in chemical engineering, he earned an M.B.A. from Stanford University in 1965. Mr. Madar became a Lubrizol director in 1992. He is a director of Nordson Corporation, National City Bank and Brush Engineered Materials Inc. Mr. Madar is a trustee of the Northeast Ohio Council on Higher Education, Cleveland Museum of Art and the Cleveland Clinic Foundation. He is also co-chairman of the Advisory Committee for the Ohio Innovation Fund.

[M. THOMAS MOORE  
PHOTO]

M. THOMAS MOORE, age 66, retired in 1997 as Chairman and Chief Executive Officer of Cleveland-Cliffs Inc., the world's largest iron ore pellet producer. After a series of financial and general posts with Cleveland-Cliffs, he was elected Chief Financial Officer in 1983, President in 1986, Chief Executive Officer in 1987 and Chairman in 1988. Mr. Moore became a Lubrizol director in 1997 and has served on a number of other corporate boards during his career. He is on the boards of the Cleveland Clinic Foundation and its Western Region Health System and on the oversight panel for the Mining Industry of the Future project of the U.S. Energy Department and National Mining Association. He graduated from Indiana University of Pennsylvania in 1956 and held various positions with United States Steel Corporation, American-Standard Corporation and Celanese Corporation before joining Cleveland-Cliffs.

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### DIRECTORS WHOSE TERMS OF OFFICE WILL CONTINUE AFTER THE MEETING

[W. G. BARES PHOTO]

W. G. BARES, age 59, is Chairman of the Board, President and Chief Executive Officer of The Lubrizol Corporation. Mr. Bares joined Lubrizol as a development engineer in 1963 and was appointed Director of the Pilot Plant in 1972. He was elected Vice President in 1978, Executive Vice President in 1980, President in 1982 and Chief Operating Officer in 1987 and became Chief Executive Officer on January 1, 1996. He was elected a director of Lubrizol in 1981 and Chairman of the Board in 1996. A 1963 graduate of Purdue University with a B.S. degree in chemical engineering, he earned an M.B.A. from Case Western Reserve University in 1969. He is a member of the American Petroleum Institute and the American Institute of Chemical Engineers, having served as past chairman of its Cleveland section, and is a trustee for Case Western Reserve University. In addition, he is a director of Oglebay Norton Company, KeyCorp and Applied Industrial Technologies and an Executive Board Member of the Greater Western Reserve Council of the Boy Scouts of America. Mr. Bares' term as a Lubrizol director expires in 2002.

[JERALD A. BLUMBERG PHOTO]

JERALD A. BLUMBERG, age 61, resigned in June 2000 as President and Chief Executive Officer of Ambar, Inc., a privately held oilfield services company. Prior to joining Ambar, Inc. in January 1998, Mr. Blumberg held various international and management positions during a 37-year career with E. I. du Pont de Nemours & Company, Inc. From October 1995 until his retirement on December 31, 1997, he was an Executive Vice President, Chairman of DuPont Europe and a member of the Office of the Chief Executive. Mr. Blumberg became a Lubrizol director in 1999. Mr. Blumberg received a B.S. in chemical engineering from Michigan Technological University in 1960. He is a director of Burlington Industries, Inc. and NOVA Chemicals Corporation, a member of the National Society of Professional Engineers and the American Institute of Chemical Engineers and is on the advisory boards for Michigan Technological University and Rice University's Business School. Mr. Blumberg's term as a Lubrizol director expires in 2003.

[PEGGY GORDON ELLIOTT PHOTO]

PEGGY GORDON ELLIOTT, age 63, is President of South Dakota State University. Prior to joining South Dakota State in 1998, Dr. Elliott was Acting Vice President for Academic and International Programs at the American Association of State Colleges and Universities. She has also served as a Senior Fellow at the National Center for Higher Education, President of The University of Akron and Chancellor of Indiana University Northwest. She became a Lubrizol director in 1993. Dr. Elliott is also a director of A. Schulman, Inc. Dr. Elliott holds degrees from Transylvania University, Northwestern University and Indiana University. Dr. Elliott's term as a Lubrizol director expires in 2002.

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[FOREST J. FARMER SR. PHOTO]

FOREST J. FARMER, SR., age 60, is President and Chief Executive Officer of North American Interiors, Inc., which provides value-added subassemblies to the automotive industry. He is also Chairman, Chief Executive Officer and

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President of Trillium Teamologies, a technology and engineering services company. Mr. Farmer was associated with Chrysler Corporation from 1968 to 1994 where he held various management positions including General Plants Manager for Car and Truck Assembly Operations. From 1988 until 1994, he was President of Acustar, Inc., an automotive components subsidiary of Chrysler Corporation. Mr. Farmer became a Lubrizol director in 1997. Mr. Farmer graduated from Purdue University in 1965 with a B.S. degree in biology and physical education. He is a member of the Board of Directors of Saturn Electronics and Engineering, Inc., American Axle & Manufacturing, the St. John Health System, the Macomb Hospital Corporation, Friends of Scouting and Public Broadcasting System station WTVS-56 in Detroit, Michigan. Mr. Farmer's term as a Lubrizol director expires in 2003.

[DAVID H. HOAG PHOTO]

DAVID H. HOAG, age 61, retired in 1999 as Chairman of The LTV Corporation, having retired in 1998 as Chief Executive Officer of The LTV Corporation and as Chief Executive Officer of LTV Steel Company. The LTV Corporation is a metals company engaged in the production of flat rolled carbon steel. Mr. Hoag was appointed to the position of Chairman in June 1991 after having been elected President and Chief Executive Officer in January of that year. Mr. Hoag became Executive Vice President of The LTV Corporation in July 1986 and was concurrently named a member of LTV's Board of Directors. Mr. Hoag became a Lubrizol director in 1989. He is a native of Pittsburgh and attended Allegheny College in Meadville, Pennsylvania, receiving a Bachelor's Degree in 1960. He is a director of Brush Engineered Materials Inc., The Chubb Corporation, PolyOne Corporation and NACCO Industries, Inc., and is Chairman of the Cleveland Federal Reserve Board. Mr. Hoag's term as a Lubrizol director expires in 2002.

[RONALD A. MITSCH PHOTO]

RONALD A. MITSCH, age 66, retired in 1998 as Vice Chairman and Executive Vice President-Industrial and Consumer Markets of 3M, a manufacturer of products for industrial, commercial, health care and consumer markets. He began his career with 3M in 1960 as a Senior Research Chemist. He served various assignments in research and in 1979 was named Managing Director, 3M Netherlands. He returned to the United States in 1981 as Research and Development Vice President, Life Sciences Sector. He was named Group Vice President, Traffic and Personal Safety Products in 1985, Senior Vice President, Research and Development in 1990, Executive Vice President in 1991 and Vice Chairman in 1995. Dr. Mitsch graduated from Hamline University in 1956 with a B.S. in chemistry. He received an M.S. in organic chemistry in 1958 and a Ph.D. in organic chemistry in 1960 from the University of Nebraska. Dr. Mitsch became a Lubrizol director in 1991. He is a director of NCR, Material Sciences Corporation, WTC Industries, Dandy Corporation and the SEI Center for Advanced Studies in Management, Philadelphia, Pennsylvania (associated with the Wharton School of Business of The University of Pennsylvania). In addition, he is the Chairman for the Board of Trustees of Hamline University. Dr. Mitsch's term as a Lubrizol director expires in 2003.



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[DANIEL E. SOMERS  
PHOTO]

DANIEL E. SOMERS, age 53, is President and Chief Executive Officer of AT&T Broadband, which provides local and long distance service, high speed Internet access and home entertainment service. Previously, Mr. Somers was Senior Executive Vice President and Chief Financial Officer of AT&T from May 1997 to December 1999. Prior to joining AT&T, Mr. Somers was Chairman and Chief Executive Officer of Bell Cablemedia, plc, of London for two years. From 1992 to 1995, he was Executive Vice President and Chief Financial Officer of Bell Canada International, Inc. Prior to joining Bell Canada, Mr. Somers held a number of senior executive, financial and operating-management positions with Radio Atlantic Holdings Ltd. and Imasco Ltd. Mr. Somers became a Lubrizol director in 1999. Mr. Somers received a B.S. degree in finance from Stonehill College in North Easton, Massachusetts in 1969. Mr. Somers is a director of Excite@Home, Cablevision Systems Corp., CableLabs, Cable-Satellite Public Affairs Network (C-SPAN), the National Cable Television Association and Cable in the Classroom. He is also a member of the Board of Trustees of Stonehill College, Walter Kaitz Foundation and Chase Manhattan Bank. Mr. Somers' term as a Lubrizol director expires in 2003.

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BOARD COMMITTEES  
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The Board of Directors held eight meetings during 2000. The board has several standing committees, including an Organization and Compensation Committee and an Audit Committee.

ORGANIZATION AND COMPENSATION COMMITTEE

The Organization and Compensation Committee held seven meetings during 2000. Its principal functions are to:

- Review corporate governance annually.
- Review and recommend candidates for election as directors.
- Review and recommend candidates for election as officers.
- Review and authorize compensation for directors and officers.
- Evaluate the performance of the chief executive officer.
- Designate employees to receive grants of stock options and other stock awards and determine the type and size of the awards.
- Determine the size of the fund pools for the profit sharing plan, year-end variable compensation plan and the performance pay plan.
- Designate employees to receive awards under the performance pay plan.

This committee will consider shareholder recommendations for director nominations. These recommendations should be submitted in writing to Lubrizol's corporate secretary by the January 1 before the annual meeting.

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The members of this committee are all of the outside directors unrelated to Lubrizol. The chairman of this committee serves as the lead outside director for purposes of chairing regularly scheduled meetings of outside directors or other responsibilities which the outside directors designate. Gordon D. Harnett, chairman of this committee, currently is lead outside director.

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### AUDIT COMMITTEE

The principal functions of the Audit Committee are to:

- Recommend the appointment of the independent auditors.
- Review with the independent and internal auditors the planned scope and results of the audits.
- Hold conferences and reviews with the auditors as desired by the committee or the auditors.
- Review matters that affect financial statements and the results of the independent auditor's reviews, annual audit and report.
- Review the adequacy and effectiveness of the internal audit function.
- Oversee Lubrizol's internal control structure.
- Provide oversight of the activities of the Chief Ethics Officer and review procedures for monitoring compliance with Lubrizol's Policy on Ethical and Legal Conduct.
- Report to the board the results of these reviews and conferences and submit to the board any recommendations of the committee.

The Board of Directors has adopted a written charter for this committee, which is attached as Appendix A to this proxy statement. In performing its functions, the Audit Committee acts only in an oversight capacity. It is not responsible for preparing or assuring the accuracy of Lubrizol's financial statements or filings, or conducting audits of the financial statements.

The members of the Audit Committee are David H. Hoag (Chairman), Victoria F. Haynes, William P. Madar, Ronald A. Mitsch and Daniel E. Somers. Each of the members is independent under the rules of the New York Stock Exchange.

### AUDIT COMMITTEE REPORT

The Audit Committee reviews Lubrizol's financial reporting process on behalf of the Board of Directors. The committee held five meetings during 2000. During these meetings, the committee reviewed and discussed the audited financial statements for 2000 separately with management and Lubrizol's independent auditors, Deloitte & Touche LLP. The discussions with Deloitte & Touche included matters required to be discussed by the Statement on Auditing Standards No. 61. In addition, the committee received from Deloitte & Touche written independence disclosures and the letter required by Independence Standards Board Standard No. 1 and discussed with Deloitte & Touche its independence. Based on the review of the audited financial statements and the discussions described above, the committee recommended to the Board of Directors that the audited financial statements be included in Lubrizol's Annual Report on Form 10-K for the year ended December 31, 2000, for filing with the Securities and Exchange Commission.

David H. Hoag, Chairman    Ronald A. Mitsch  
Victoria F. Haynes        Daniel E. Somers  
William P. Madar

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DIRECTOR COMPENSATION

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Directors who are not Lubrizol employees receive a yearly cash retainer fee of \$14,000, plus \$1,000 for each board meeting they attend and \$1,000 for each committee meeting they attend. If a committee meeting is held on a different day from a board meeting, they receive \$1,200 for the committee meeting.

Directors who are not Lubrizol employees may participate in a deferred compensation plan for directors. Under this plan, directors may defer all or any portion of their yearly fee and meeting attendance fees and have these amounts credited to various cash investment accounts and/or a share unit account. The investment returns of the cash investment accounts equal the performance of the investment portfolios designated by the Organization and Compensation Committee. The number of share units credited to the share unit account is based on the price of Lubrizol shares on the day the share units are credited to the account and includes additional share units credited for quarterly dividends paid on Lubrizol shares. When a person is no longer a director, cash is distributed from the person's cash account and Lubrizol shares are issued equal to the number of share units in the person's share unit account.

On the date of each annual meeting, each director who is not a Lubrizol employee automatically receives an option to purchase 2,500 Lubrizol shares under the 1991 Stock Incentive Plan.

Directors who are not Lubrizol employees also participate in a deferred stock compensation plan. Under this plan, each nonemployee director receives 500 share units on each October 1 and is credited with additional share units for quarterly dividends paid on Lubrizol shares. When a person is no longer a director, Lubrizol shares are issued equal to the number of share units in the person's account.

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SHARE OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS  
AND LARGE BENEFICIAL OWNERS

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The following table shows the number of shares beneficially owned on January 31, 2001, by each director and each executive officer named in this proxy statement and by all executive officers and directors as a group. Each person has sole voting and investment power for all the shares shown, unless otherwise noted. Mr. Bares beneficially owns 1.4% of Lubrizol shares based on the total shown in the table below. No other executive officer or director owns more than 1% of Lubrizol shares. All executive officers and directors as a group beneficially own approximately 3.8% of Lubrizol shares.

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Name of Beneficial Owner	Amount and Nature of Beneficial Ownership				
	Total	Direct Ownership(1)	Employee Plan(2)	Exercisable Options(3)	Deferred Share Units(4)
W. G. Bares.....	710,433	114,714	9,877	576,845	8,997
Jerald A. Blumberg.....	5,198	1,000		1,000	3,198
C. P. Cooley.....	48,701	2,036	1,860	34,500	10,305
Peggy Gordon Elliott.....	17,678	1,100		12,500	4,078
Forest J. Farmer, Sr. ....	8,380	225		4,500	3,655
Gordon D. Harnett.....	16,794	200		6,500	10,094
Victoria F. Haynes.....	11,746	500		6,500	4,746
G. R. Hill.....	266,449	42,923	2,849	220,667	
David H. Hoag.....	25,073	3,600		16,500	4,973
J. E. Hodge.....	108,281	4,035	6,863	83,213	14,170
S. F. Kirk.....	123,020	10,683	9,507	96,400	6,430
William P. Madar.....	28,552	1,000		14,500	13,052
Ronald A. Mitsch.....	21,306	1,000		15,700	4,606
M. Thomas Moore.....	5,646	1,000		2,500	2,146
Daniel E. Somers.....	3,699	500		1,000	2,199
All Executive Officers and Directors as a Group.....	1,961,207	224,778	77,682	1,560,844	97,903

(1) This column includes shares owned by or jointly with family members, including 3,400 of Mr. Hoag's shares, 4,035 of Mr. Hodge's shares, 10,683 of Mr. Kirk's shares and 23,637 of the shares held by the group, for which they have shared voting and investment power.

(2) This column shows shares held in the profit sharing and savings plan, for which the persons indicated have sole voting power and limited investment power.

(3) This column shows shares covered by stock options that are currently exercisable or will be exercisable by March 31, 2001.

(4) This column shows the indirect share ownership held by directors and officers under various deferred compensation plans described in this proxy statement.

SHARE OWNERSHIP GUIDELINES

We have share ownership guidelines that require executive officers to hold shares having a value between 1.5 and 4 times their fixed pay, depending on their position.

FIVE PERCENT BENEFICIAL OWNERS

The following table lists each person we know to be an owner of more than 5% of our shares on December 31, 2000.

Amount and Nature

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Name and Address of Beneficial Owner -----	of Beneficial Ownership -----	Percent of Class -----
Alliance Capital Management L.P..... 1290 Avenue of the Americas New York, New York 10104	7,846,377 (1)	15.1%
Brandes Investment Partners, LP..... 12750 High Bluff Drive San Diego, CA 92130	5,617,800 (2)	10.8%

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- (1) This information was obtained from a Schedule 13G dated February 12, 2001, filed by Alliance Capital Management L.P., which is an investment adviser registered under the Investment Advisers Act of 1940. Alliance Capital Management L.P. reported sole voting power as to 4,725,569 shares, shared voting power as to 798,041 shares, sole investment power as to 7,285,177 shares and shared investment power as to 561,200 shares. Alliance Capital Management L.P. also serves as an investment advisor for Lubrizol's pension and profit sharing plans. However, under investment guidelines applicable to Lubrizol's pension and profit sharing plans, investment advisors are not permitted to invest our plans' assets in Lubrizol shares. Lubrizol paid Alliance Capital Management L.P. approximately \$218,000 for investment advisory services rendered during 2000.
- (2) This information was obtained from a Schedule 13G dated February 9, 2001, filed by Brandes Investment Partners, L.P., which is an investment adviser registered under the Investment Advisers Act of 1940. Brandes Investment Partners, L.P. reported shared voting power as to 3,647,727 shares and shared investment power as to all 5,617,800 shares.

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EXECUTIVE COMPENSATION

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The following table shows the compensation for 2000, 1999 and 1998 of the Chief Executive Officer and the next four highest-paid executive officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Year ----	Annual Compensation -----			Other Annual Compensation (1) -----	Restricted Stock Awards -----	Long-
		Salary -----	Bonus -----	-----			-----
W. G. Bares Chairman of the Board, President and Chief Executive Officer.....	2000	\$762,013	\$465,000	\$5,325	0	0	
	1999	690,491	840,000	5,283	0	0	
	1998	599,976	0	4,910	0	0	

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G. R. Hill					
Senior Vice President.....	2000	350,393	155,000	2,875	0
	1999	337,359	310,000	3,084	0
	1998	323,854	0	1,984	0
C. P. Cooley					
Vice President, Treasurer and Chief Financial Officer(4).....	2000	277,752	117,000	2,556	0
	1999	264,570	220,000	5,567	0
	1998	186,658	0	0	\$37,875 (4)
S. F. Kirk					
Vice President.....	2000	253,130	112,000	4,531	0
	1999	233,531	220,000	1,715	0
	1998	220,904	0	6,033	0
J. E. Hodge					
Vice President.....	2000	252,940	108,000	2,556	0
	1999	229,566	198,000	1,704	0
	1998	203,093	0	0	0

Name and Principal Position -----	All Other Compensation(3) -----
W. G. Bares Chairman of the Board, President and Chief Executive Officer.....	\$41,821 24,464 25,406
G. R. Hill Senior Vice President.....	19,238 13,589 14,260
C. P. Cooley Vice President, Treasurer and Chief Financial Officer(4).....	15,337 11,348 0
S. F. Kirk Vice President.....	14,747 10,392 10,526
J. E. Hodge Vice President.....	14,215 10,270 10,045

(1) This column reflects gross-up payments to cover taxes related to the use of corporate aircraft and financial planning services.

(2) This column reflects the number of shares covered by stock options granted during the year.

(3) This column reflects our contributions to the profit sharing and savings plan for these executives, including accruals to the related supplemental defined contribution plan. These amounts have not been received by these executives.

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(4) Mr. Cooley joined Lubrizol on April 1, 1998. The Organization and Compensation Committee granted 1,000 restricted shares to Mr. Cooley on April 1, 1998. Five hundred of these shares vested on April 1, 1999, and the rest vested on April 1, 2000. Dividends were paid to Mr. Cooley on the restricted shares.

STOCK INCENTIVE PLANS

Our 1991 Stock Incentive Plan allows grants of incentive and nonstatutory stock options, as well as stock appreciation rights and restricted and nonrestricted stock awards. Any of our employees and our subsidiaries' employees may be selected to participate in the plan. The plan is administered by the Organization and Compensation Committee, which selects participants and determines the type and amount of awards granted.

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The number of shares available under the plan during a calendar year is 1% of the outstanding shares on January 1 of that year, plus any unused shares from previous years. The option price for stock options is not less than the average of the high and the low market prices of shares on the grant date. The term of each option is fixed by the committee. Participants can exercise their options 50% after one year, 75% after two years and 100% after three years. All outstanding options become fully exercisable upon a change of control.

Under this plan, any person who pays the option price of options granted prior to March 27, 2000, under the plan with shares already owned will automatically receive a new option grant for the number of shares used to pay the option price. These option grants are called reload options. For options granted on or after March 27, 2000, the committee in its discretion may grant a reload option for the number of shares used to pay the option price. Persons may not transfer shares acquired from the exercise of a reload option while still an employee or director unless they have met any applicable share ownership guidelines.

We also have options outstanding under our 1985 Employee Stock Option Plan. The only options granted under this plan are reload options to employees who pay the option price of options granted under this plan with shares they already own. In these cases, the committee in its discretion may grant a reload option under this plan for the number of shares used to pay the option price.

The following tables show option transactions for the named executive officers during 2000. No stock appreciation rights were granted, exercised or outstanding in 2000.

OPTION GRANTS IN 2000

Name	Individual Grants				Potential	
	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in 2000	Exercise or Base Price(1)	Expiration Date	0%	5%
W. G. Bares.....	115,000	14.09%	\$28.1250	03/27/2010	\$0	\$ 2,034,
G. R. Hill.....	40,000	4.90%	\$28.1250	03/27/2010	0	707,

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C. P. Cooley.....	27,000	3.31%	\$28.1250	03/27/2010	0	477,
S. F. Kirk.....	27,000	3.31%	\$28.1250	03/27/2010	0	477,
J. E. Hodge.....	27,000	3.31%	\$28.1250	03/27/2010	0	477,
All Optionees.....	816,136	100.00%	\$28.0200	(3)	0	14,380,
All Shareholders.....	(4)	(4)	(4)	(4)	0	904,041,
Optionees' Gain as % of Shareholders' Gain.....						1

- 
- (1) This column shows the average of the high and low sales prices as reported on the New York Stock Exchange on the grant date.
  - (2) The assumed rates of appreciation shown are established by the Securities and Exchange Commission and are not meant to represent either past or future appreciation rates for Lubrizol shares. If the assumed annual appreciation rates were applied to the fair market value of Lubrizol shares at December 31, 2000 (\$25.66 per share), then at the end of a 10-year option term, the per share market price of the shares would be \$25.66 at a 0% appreciation rate, \$41.79 at a 5% appreciation rate and \$66.54 at a 10% appreciation rate.
  - (3) Expiration dates range from February 25, 2001, through June 26, 2010.
  - (4) The amounts shown are the hypothetical returns to all shareholders assuming they purchased their shares at a price of \$28.02, the average exercise price for all options granted during 2000, and that all shareholders hold the shares continuously for ten years. The number of outstanding shares on December 31, 2000, was 51,307,688.

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AGGREGATED OPTION EXERCISES IN 2000 AND DECEMBER 31, 2000, OPTION VALUES

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Securities Underlying		Value of Unexercised In-the-Money Options at December 31, 2000	
			Unexercised Options at December 31, 2000		Exercisable	Unexercisable
W. G. Bares.....	13,909	\$46,074	481,095	179,500	\$104,264	\$104,264
G. R. Hill.....	0	0	188,177	61,250	32,609	32,609
C. P. Cooley.....	0	0	14,500	38,500	19,553	19,553
S. F. Kirk.....	3,500	32,047	75,650	39,250	19,553	19,553
J. E. Hodge.....	2,500	31,328	62,463	39,250	19,553	19,553

- 
- (1) The amounts in this column are the differences between the fair market value at the exercise date of the Lubrizol shares acquired through the option exercises and the exercise price of the option.
  - (2) The amounts in these columns are the differences between the fair market value of Lubrizol shares at December 31, 2000 (\$25.66 per share), and the



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exercise price of the option. An option is considered in-the-money when the fair market value of the shares is greater than the exercise price of the option.

### REPORT OF THE ORGANIZATION AND COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Organization and Compensation Committee approves the compensation packages for executive officers. The committee consists of all of the outside directors.

#### Factors Considered by the Committee

In carrying out its responsibilities in 2000, the committee considered the following:

- Advice from independent consultants on all aspects of Lubrizol's compensation policies, including comparisons to the policies and practices of other companies;
- Relevant trends in executive compensation practices;
- Lubrizol's financial performance;
- Lubrizol's business performance;
- Lubrizol's compensation policies and practices for employees generally;
- Recommendations of executive management on compensation of key employees including executive officers; and
- The committee's and Lubrizol's historical philosophy to reward according to Lubrizol's performance and according to individual contribution, including the individual's commitment to Lubrizol.

#### Cash Compensation of Employees Generally

The cash compensation of employees, including the executive officers named in the compensation table in this proxy statement, consists of (1) base salary, (2) quarterly pay and (3) a variable pay component.

Quarterly pay is a fixed percentage of base salary determined by an employee's length of service. Employee base salary plus quarterly pay is designed to be within the mid-level range of salaries for persons having similar jobs in the chemical and related industries.

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The variable pay component authorized by the committee for employees, other than executive officers and other key employees, is paid at year-end and is based upon a percentage of annual net income. Variable pay is allocated to employees based on a uniform percentage of each employee's base salary.

#### Cash Compensation of Executive Officers

The base salary and quarterly pay practices for employees also apply to executive officers.

For executive officers, seven separate surveys selected by the committee's compensation consultant are used to determine base salary plus quarterly pay. These surveys include more companies than the published industry

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line-of-business indices used to compare total shareholder return on page 17 of this proxy statement; however, 14 peer chemical companies are included in both the salary surveys and the published industry indices. In addition, for the five highest paid executives, total compensation levels and practices are analyzed using compensation data published in each peer organization's proxy statement. This analysis considers fixed salary, annual incentive, total cash compensation, long-term incentives and total compensation.

Lubrizol's three-year performance also is compared to a peer group of 17 companies by analyzing total shareholder return, economic value added, return on equity, return on assets and growth in basic earnings per share. This analysis helps ensure that total executive pay is in alignment with Lubrizol's performance.

The committee administers the executive compensation policy with the objective of keeping executive compensation comparable with other companies in the chemical and related industries. The average executive base salary plus quarterly pay in 2000 was slightly below the mid-level range when compared to fixed compensation paid by companies in the surveys.

Executive officers and other key employees can receive variable cash compensation under a performance pay plan. The committee determines a percentage of annual net income to establish the amount available under this plan. This percentage is based on objective financial measures and objective and subjective performance measures for initiatives to stimulate growth, improve the cost structure and build the franchise. The objective financial measures include earnings per share and value added per share. Value added per share is a measure of profits in excess of the cost of capital calculated on a per share basis.

Seventy percent of the weighting for all the performance measures is based upon financial measures with the largest portion weighted to earnings per share. The amount of payout under the performance pay plan will vary based upon goal accomplishment. Even if other goals are reached, earnings per share must reach a minimum predetermined target before the plan will make payments.

The committee determines individual payouts under the performance pay plan based upon an executive's level of responsibility, recommendations by executive management and a subjective judgment by the committee of the executive's contribution to Lubrizol's financial and business performance.

### Stock Compensation for Executive Officers

Lubrizol uses stock options and performance share stock awards as forms of long-term incentive compensation for executive officers and other key employees.

#### Stock Options

The committee determines the specific number of stock options granted to an executive based on the individual's level of responsibility and performance, recommendations by executive management and a subjective judgment by the committee of the executive's contribution to financial and business performance. The committee does not take into consideration existing awards held by

the executive when making new grants. For 2000, the committee set the total number of stock options for annual grants to the five highest-paid executive officers at the mid-level range of long-term incentive awards within the peer chemical companies. For the other executive officers, the committee set the total number of stock options for annual grants at the mid-level range of long-term incentive awards within general industrial companies.

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### Performance Share Stock Awards

In 1997, 1998 and 2000 the committee granted performance share stock awards. When the performance share stock awards vest, Lubrizol will issue shares equal to the number of performance share stock awards granted. These performance share stock awards will vest if the closing market price of Lubrizol shares reaches \$45 for ten consecutive trading days. Otherwise, these awards will not vest until March 24, 2003. No performance shares vested in 2000, and the committee will not grant new awards while these awards are outstanding.

### Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986 limits the deductibility of compensation paid to specified executive officers of public companies. All compensation paid for 2000 to Lubrizol executive officers, including the compensation element of shares received under Lubrizol's stock option plans, qualified for deduction.

### Compensation of the Chief Executive Officer

The committee's intent is to set Mr. Bares' base salary plus quarterly pay within a range that is competitive with the fixed salaries of chief executive officers in the chemical and related industries. The committee increased Mr. Bares' base salary by 6% effective February 18, 2000. Mr. Bares' base salary and quarterly pay is almost equal to the mid-level range of comparable salaries.

Mr. Bares received 38% of his total cash compensation for 2000 from the performance pay plan. For 2000, earnings per share exceeded the 2000 minimum target.

In setting Mr. Bares' total compensation, the committee considers various other aspects of corporate performance including market position, productivity, product leadership, personnel development, employee attitudes, public responsibility, quality practices and the balancing of short-term and long-term goals. For 2000, Mr. Bares' total compensation was below the mid-level range of comparable total compensation of chief executive officers of peer chemical companies.

In determining the number of stock options granted to Mr. Bares in 2000, the committee considered the factors described immediately above, as well as his position within Lubrizol and stock option grant comparisons with peer chemical companies.

Lubrizol's share ownership guidelines require Mr. Bares to hold shares valued at four times his annual fixed pay. At year end he owned five times his annual fixed pay in shares.

Gordon D. Harnett, Chairman  
Jerald A. Blumberg  
Peggy Gordon Elliott  
Forest J. Farmer, Sr.  
Victoria F. Haynes

David H. Hoag  
William P. Madar  
Ronald A. Mitsch  
M. Thomas Moore  
Daniel E. Somers

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The following chart compares our combined total shareholder returns for the five years ended December 31, 2000, to the combined total shareholder returns of (a) the Standard & Poor's Industrial Index, (b) the Dow Jones Chemical Index and (c) the Standard & Poor's Specialty Chemical Index.

We believe we have a peer group relationship with companies in these last two indices. However, no single peer index or peer company is totally comparable to our business. The peer company indices used include companies which supply specialty chemicals to a wide variety of markets. Some of our direct competitors are chemical divisions that represent small portions of large oil companies. These chemical divisions are not included in the peer comparison because information is not available to us which shows those divisions separately from the parent company.

The chart assumes the investment of \$100 on December 31, 1995, and the immediate investment of all dividends.

[PERFORMANCE COMPARISONS CHART]

	LUBRIZOL -----	S&P INDUSTRIALS -----	DJ CHEM -----
1995	100	100	100
1996	115.46	123	118.
1997	141.1	161.16	143.
1998	101.5	215.48	126.
1999	126.84	271.23	155.
2000	110.47	227.15	135.

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### EMPLOYEE AND EXECUTIVE OFFICER BENEFIT PLANS

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In addition to the stock option and variable compensation plans described in this proxy statement and the group health, life and disability insurance plans available to all employees, we also have the following plans for employees and executive officers.

#### PENSION PLANS

We have a qualified pension plan for all employees. We also have a basic supplemental defined benefit plan which provides highly paid employees with the portion of their retirement benefits not payable from the pension plan because of tax law limitations. In addition, we have a special officers' supplemental defined benefit plan which currently covers one officer and is described in the paragraph below the pension table.

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Benefits under the pension plan and the related basic supplemental plan are based on a final average pay formula or a career average pay formula, whichever produces the higher benefit to the employee. The table below uses the final average pay formula because it produces the higher benefit at the pay levels shown.

Final average pay is an average of an employee's highest five consecutive years out of the last ten years of pay. Pay for the plans consists of base

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salary (unreduced for elective before-tax savings contributions and before-tax cafeteria plan contributions), quarterly pay, overtime pay, shift premium differentials, vacation and holiday pay, paid variable compensation, long-term disability benefits and (for purposes of the basic and special supplemental plans) cash compensation deferrals. Pay used to determine benefits for each of the named executive officers is equal to the amounts shown in the salary and bonus columns for them in the summary compensation table in this proxy statement.

Benefits are based on a 10-year certain and life annuity. Employees hired before February 1, 1984, may elect a lump sum option. Other payment options available to all employees are a joint and 100% or 50% survivor annuity.

The final average pay formula limits years of service to 30. The estimated credited years of service for each of the named executive officers (after this 30-year service limitation) is as follows: Mr. Bares, 30 years; Mr. Hodge, 29 years; Mr. Kirk, 28 years; Dr. Hill, 18 years; and Mr. Cooley, 3 years.

The following table shows the estimated annual retirement benefits payable at age 65 under the pension plan and the basic supplemental defined benefit plan in the final average pay and years of service categories shown. The benefits are shown as a 10-year certain and life annuity.

Final Average Pay -----	Credited Years of Service					
	----- 10 Years -----	----- 15 Years -----	----- 20 Years -----	----- 25 Years -----	----- 30 Years -----	----- 35 Years -----
\$ 200,000 .....	27,140	40,710	54,280	67,850	81,420	81,420
400,000 .....	56,140	84,210	112,280	140,350	168,420	168,420
600,000 .....	85,140	127,710	170,280	212,850	255,420	255,420
800,000 .....	114,140	171,210	228,280	285,350	342,420	342,420
1,000,000 .....	143,140	214,710	286,280	357,850	429,420	429,420
1,200,000 .....	172,140	258,210	344,280	430,350	516,420	516,420
1,400,000 .....	201,140	301,710	402,280	502,850	603,420	603,420
1,600,000 .....	230,140	345,210	460,280	575,350	690,420	690,420

As of December 31, 2000, Mr. Bares was the sole participant in the special officers' supplemental defined benefit plan. Benefits under this plan are based on an average of the highest three consecutive years of pay during the last ten years. The plan limits years of service to 30 and computes benefits on the basis of a 10-year certain and life annuity. Benefits are reduced for Social Security and payments made under other Lubrizol benefit plans. After making all the deductions required under the plan, the estimated additional annual benefit payable under this plan at age 65 (assuming current final average pay) to Mr. Bares is \$123,910.

### PROFIT SHARING AND SAVINGS PLAN

We have a qualified profit sharing and savings plan for all employees. Each year, the Board of Directors determines the portion of Lubrizol profits that will be contributed to the plan. Profit sharing contributions are allocated to employees' accounts based on their pay.

In addition, employees may elect to have their base pay reduced by up to 18% (16% for highly compensated employees) and to have the amount contributed to the plan as a before-tax

contribution. Lubrizol matches 50% of the employee's before-tax contributions up to 4% of the employee's base pay. The matching contribution is invested in Lubrizol shares. Employees also may make after-tax contributions subject to an overall limit of 18% (16% for highly compensated employees) of base pay for their total before-tax and after-tax contributions.

Employees may direct the investment of the contributions among a Lubrizol share fund, an equity index fund, a balanced fund, a fixed income fund, an international equity fund, a small capitalization fund and an equity growth fund.

Employees vest in profit sharing and matching contributions at a rate of 20% per year of service. The plan allows distribution of an employee's vested account balance after retirement, death or other termination of employment.

#### DEFERRED COMPENSATION PLANS

We have a deferred compensation plan for executive officers. Under this plan executive officers may defer all or any portion of their total annual pay and have these amounts credited to various cash investment accounts and/or a share unit account. The investment returns of the cash investment accounts equal the performance of the investment portfolios designated by the Organization and Compensation Committee. The number of share units credited to the share unit account is based on the price of Lubrizol shares on the day the share units are credited to the account and includes additional share units credited for quarterly dividends paid on Lubrizol shares. At the end of the deferral period, the deferrals and earnings are distributed to the participant. Cash is distributed from the cash account and Lubrizol shares are issued equal to the number of share units in the participant's share unit account.

In addition, we have another deferred compensation plan for some executive officers. Under this plan, participants may defer any amount of their variable pay under the performance pay plan. Deferred amounts are converted into share units based on the current market price of Lubrizol's shares, which are then multiplied by 1.25. Additional share units are credited for quarterly dividends paid on Lubrizol shares. At the end of the deferral period, which is at least three years, Lubrizol shares are issued equal to the number of share units in the participant's account.

#### EXECUTIVE DEATH BENEFIT PROGRAM

The Organization and Compensation Committee selects executive officers to participate in an executive death benefit program. This program provides a benefit to the executive officer's designated beneficiary following the executive officers' death. For currently employed participants, the death benefit is 250% of the participant's 1996 base salary plus quarterly pay, reducing to 150% at age 70 and 100% at age 75.

#### EXECUTIVE AGREEMENTS

We have employment termination agreements with senior executives, including Messrs. Bares, Hill, Cooley, Kirk and Hodge. Each termination agreement provides that, in the event of a change in control of Lubrizol, the executive will be employed by Lubrizol for up to three years at responsibility, salary and benefit levels equal to those immediately preceding the change in control. If the executive's employment is terminated during those three years for reasons other than death, permanent disability, reaching age 65 or for cause, or if the executive terminates employment in specified circumstances, the benefits provided to the executive are:

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- (1) a lump sum payment equal to three times the salary and other forms of cash compensation in effect at the time of termination, and
- (2) continued employee benefit coverage for the remainder of the three years.

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The termination agreements also provide that the executive will receive an amount which will cover any excise taxes that apply.

Each executive has agreed, if the executive accepts any benefits under the termination agreement, not to compete with Lubrizol for one year after termination of employment after a change in control.

Assuming a change in control were to occur and all of the executive officers who have termination agreements were terminated as of January 1, 2001, the estimated amount of payments which we would have to make under the termination agreements (including amounts to cover excise taxes) is \$29 million.

### EMPLOYEE SEVERANCE COMPENSATION PLAN

We also have a severance compensation plan that provides for a severance payment to employees if, within 15 months after a change in control of Lubrizol, their employment is terminated for any reason other than death, permanent disability, voluntary retirement or for cause. Executives who receive payments under the executive termination agreements described above will not receive severance payments under the severance compensation plan.

For an employee with five or more years of service with Lubrizol, the benefit under the severance compensation plan is a lump sum payment equal to the total cash compensation received by the employee in the preceding twelve-month period. Employees with less than five years but more than six months of service would receive a lesser amount proportionate to their length of service.

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### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and some persons who own more than 10% of our shares, to file reports of share ownership and change in ownership with the Securities and Exchange Commission, with a copy to us. We are not aware of any shareholder who owns more than 10% of our shares and is required to file these reports.

Based solely on a review of the copies of the forms furnished to us during or for 2000 and written statements from officers and directors, we believe that all officers and directors filed on time all reports required during 2000 and any prior year.

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### APPOINTMENT OF AUDITORS

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Upon the recommendation of the Audit Committee, the Board of Directors appointed Deloitte & Touche LLP, independent auditors, to audit the financial statements of Lubrizol for the year 2001. The Board of Directors recommends that you confirm this appointment.

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During 2000, Lubrizol engaged Deloitte & Touche to render a variety of services, including the audit of Lubrizol's financial statements. A Deloitte & Touche representative will attend the annual meeting, will have the opportunity to make a statement and will be available to answer questions.

### AUDIT FEES

The total fees billed or expected to be billed by Deloitte & Touche LLP for the audit of Lubrizol's financial statements for the year ended December 31, 2000, and for the reviews of the quarterly financial statements included in Lubrizol's Forms 10-Q for 2000 is \$958,993.

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### FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

Deloitte & Touche LLP did not render financial information systems design and implementation services during 2000.

### ALL OTHER FEES

The total fees billed for services rendered by Deloitte & Touche LLP to Lubrizol during 2000, other than audit fees, was \$1,542,531. After separate discussions with Deloitte & Touche and management, the Audit Committee has considered whether the provision of these other services is compatible with maintaining Deloitte & Touche's independence.

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### SHAREHOLDER PROPOSALS FOR THE 2002 ANNUAL MEETING

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Any shareholder who wants to present a proposal at the 2002 Annual Meeting of Shareholders and have it included in our proxy materials must send us the proposal no later than November 14, 2001. Shareholder proposals submitted after that date but on or before February 21, 2002, may be presented at the annual meeting but will not be included in the proxy materials. If a shareholder proposal is received after February 21, 2002, the persons named on the proxy card may vote in their discretion regarding the proposal all of the shares for which we have received proxies for the annual meeting.

THE LUBRIZOL CORPORATION

K. H. Hopping  
Secretary

March 14, 2001

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### APPENDIX A

THE LUBRIZOL CORPORATION

AUDIT COMMITTEE CHARTER

### ORGANIZATION

There shall be a committee of the Board of Directors to be known as the Audit Committee, composed solely of at least three independent directors, each



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of whom is or shall become financially literate within a reasonable period of time after appointment, and at least one of whom shall have accounting or related financial management expertise. Members are considered independent if they have no relationship to the corporation that may interfere with the exercise of their independence and judgement in carrying out their responsibilities, as set forth in the New York Stock Exchange rules on audit committees. Qualifications of financial literacy and accounting or related financial expertise shall be as interpreted by the company's Board of Directors in its business judgement. The authority and responsibilities of the Audit Committee are defined in this Charter. The responsibilities of a member of the Audit Committee are in addition to those set out for a member of the Board.

### AUTHORITY

Primary responsibility for the company's management processes and systems, internal control structure and financial reporting is vested in senior operating management as overseen by the Board. The Audit Committee is a standing committee of the Board established to assist it in fulfilling its oversight responsibilities in these areas within the broader corporate governance process. The Audit Committee, on behalf of the Board, represents the interests of the company's shareholders, potential shareholders and investment community and, as such, is the principal client of the independent and internal auditors. The independent auditor is ultimately accountable to the Board of Directors and the Audit Committee.

### REPORTING AND COMMUNICATIONS

The Audit Committee Chairperson shall report the Audit Committee's activities to the full Board on a regular and timely basis. The Audit Committee shall have candid communications with the independent and internal auditors, and financial management, and have appropriate access to company personnel and documents. The Audit Committee will be given the resources necessary to discharge its responsibilities.

### MEETINGS

The Audit Committee will meet as required and at least three times each year. The Audit Committee shall have private sessions of Audit Committee members and meetings with the Chief Executive Officer and other senior management of the company, the Chief Ethics Officer and the independent and internal auditors, on a regular basis, and with legal counsel as needed.

### RESPONSIBILITIES

Overall, the Audit Committee shall be responsible for:

- Monitoring financial reporting, audit processes and risk control-related matters.
- Influencing the overall corporate commitment to quality financial reporting, sound business risk controls and ethical behavior.

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More specifically, the Audit Committee's oversight activities include, but are not limited to, the following:

1. Reviewing and reassessing the adequacy of this Charter annually, and submitting the Charter to the Board for approval annually.
2. Selecting, evaluating and annually nominating for Board and, if

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desired, for shareholder approval, the independent auditing firm to audit the company's consolidated financial statements for the year and, where appropriate, recommending to the Board the replacement of the independent auditor.

3. Reviewing the annual plan for services to be provided by the independent auditor, which includes, but is not limited to:
  - Reviewing the annual audit scope, including, staffing, timing and the estimated and actual fees.
  - Reviewing the scope of any non-audit services planned or performed by the independent auditors, as well as related fees, and considering the possible effect that these services could have on the independence of such auditors.
  - Obtaining from the independent auditor a formal written statement delineating all relationships between the auditor and the company as required by the Independence Standards Board on an annual basis.
4. Reviewing the adequacy and effectiveness of the internal audit function of the company, including concurring on the appointment, replacement, reassignment or dismissal of the senior internal auditor.
5. Reviewing the impact of adopted or proposed significant changes in accounting principles and reporting requirements.
6. Prior to the release of quarterly and annual earnings, reviewing with financial management and the independent auditor, matters that affect the company's consolidated financial statements and the results of the independent auditor's interim reviews and annual audit and report, including discussions regarding qualitative judgments about the appropriateness, not just the acceptability, of the company's accounting principles. Discussions held prior to the release of quarterly and annual earnings may be conducted by the Chairperson on behalf of the Audit Committee, in which case the Chairperson shall advise the Audit Committee of the results of such discussions at the next regularly scheduled meeting.
7. Prior to the issuance of the annual report to shareholders:
  - Reviewing Management's Discussion and Analysis of Financial Condition and Results of Operations along with the financial statements and Independent Auditor's Report.
  - Discussing any matters that the independent auditor communicates to the Audit Committee, including matters required by generally accepted auditing standards, laws or regulations or otherwise required to be communicated.
  - Issuing a report for inclusion in the company's annual proxy statement in accordance with applicable Securities and Exchange Commission regulations.
8. Overseeing the internal control structure established by management.
9. Providing oversight of the activities of the Chief Ethics Officer and annually reviewing management procedures for monitoring compliance with the company's Policy on Ethical and Legal Conduct.

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- 10. Performing other oversight functions as it deems necessary, or as requested by the Board, such as:
  - Reviewing and assessing with management and the independent and internal auditors the company's processes for identification and control of key business, financial and regulatory risks.
  - Reviewing and assessing with management the programs and policies of the company designed to ensure compliance with applicable laws and regulations and monitoring the results of the efforts.
  - Periodically meeting with management and the independent and internal auditors to agree on mutual expectations, a detailed plan of Audit Committee activities and the nature, extent and timing of Audit Committee information needs.
  - Performing periodic self-assessments and assessments of management and the independent and internal auditors' performance against criteria and expectations.

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ELECTRONIC DISTRIBUTION

If you would like to receive future The Lubrizol Corporation proxy statements and annual reports electronically, please visit [HTTP://WWW.INVESTPOWER.COM](http://www.investpower.com). Next, click on "Enroll to receive mailings via e-mail" to enroll. Please refer to the company number and account number on top of the reverse side of this card.

ANNUAL MEETING OF SHAREHOLDERS

The Lubrizol Corporation's Annual Meeting of Shareholders will be held at 10:00 a.m. on April 23, 2001, at the Radisson Hotel & Conference Center - Eastlake, 35000 Curtis Boulevard, Eastlake, Ohio. Please see your proxy statement for instructions should you wish to attend the meeting.

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PROXY

THE LUBRIZOL CORPORATION

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned shareholder of The Lubrizol Corporation hereby appoints W. G. Bares, C. P. Cooley and K. H. Hopping, and each of them, as agents, with full power of substitution, to vote the shares of the undersigned at the 2001 Annual Meeting of Shareholders of The Lubrizol Corporation to be held on April 23, 2001 and at any adjournments thereof, as indicated on the reverse side of this proxy card. Comments: \_\_\_\_\_

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(Comments will be collected by the Inspector of Elections and forwarded to Lubrizol management)  
PLEASE SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES ON THE REVERSE SIDE. IF NO SPECIFICATION IS MADE, AUTHORITY IS GRANTED TO CAST THE VOTE OF THE UNDERSIGNED FOR ELECTION OF THE NOMINEES AND FOR ITEM 2. THE AGENTS NAMED ABOVE CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS PROXY CARD OR CHOOSE

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ALTERNATIVE VOTING OPTIONS AS INDICATED ON THE REVERSE SIDE OF THIS PROXY CARD.

(CONTINUED, AND TO BE SIGNED ON OTHER SIDE)

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ANNUAL MEETING OF SHAREHOLDERS OF  
THE LUBRIZOL CORPORATION

Co. # \_\_\_\_\_

APRIL 23, 2001

Acct. # \_\_\_\_\_

PROXY VOTING INSTRUCTIONS

TO VOTE BY MAIL

PLEASE DATE, SIGN AND MAIL YOUR PROXY CARD IN THE ENVELOPE PROVIDED AS SOON AS POSSIBLE.

TO VOTE BY TELEPHONE (TOUCH-TONE PHONE ONLY)

PLEASE CALL TOLL-FREE 1-800-PROXIES (776-9437) AND FOLLOW THE INSTRUCTIONS. HAVE YOUR CONTROL NUMBER AND THE PROXY CARD AVAILABLE WHEN YOU CALL

VOTE BY INTERNET

PLEASE ACCESS THE WEB PAGE AT "WWW.VOTEPROXY.COM" AND FOLLOW THE ON-SCREEN INSTRUCTIONS. HAVE YOUR CONTROL NUMBER AVAILABLE WHEN YOU ACCESS THE WEB PAGE.

YOUR CONTROL NUMBER IS \_\_\_\_\_

Please Detach and Mail in the Envelope Provided

A [X] PLEASE MARK YOUR  
VOTES AS IN THIS  
EXAMPLE.

FOR WITHHELD  
1. Election [ ] [ ]  
of  
Directors

DIRECTOR NOMINEES:  
Gordon D. Harnett  
Victoria F. Haynes  
William P Madar  
M. Thomas Moore

2. Appointment of Deloitte & Touche LL  
as independent auditors.

For, except vote withheld from the following nominee(s): THE BOARD OF DIRECTORS RECOMMENDS A VO

If you have a change of address, please  
new address below and mark box to right

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SIGNATURE(S) \_\_\_\_\_ DATE \_\_\_\_\_ SIGNATURE(S) \_\_\_\_\_ DATE \_\_\_\_\_

Note: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. In case of a corporation, a duly authorized officer should sign on its behalf.