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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1999

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
for transition period from to

Commission file number 0-7154

QUAKER CHEMICAL CORPORATION

(Exact name of Registrant as specified in its charter)

A Pennsylvania Corporation

No. 23-0993790

(State or other jurisdiction of
incorporation or organization)

(I.R.S. EMPLOYER IDENTIFICATION NO.)

Elm and Lee Streets, Conshohocken, Pennsylvania 19428

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (610) 832-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each Exchange on which registered
----- Common Stock, \$1.00 par value	----- New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

State the aggregate market value of the voting stock held by non-affiliates of the Registrant. (The aggregate market value is computed by reference to the last reported sale on the New York Stock Exchange on March 10, 2000):
\$123,361,315.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of the latest practicable date: 8,803,470 shares of Common Stock, \$1.00 Par Value, as of March 10, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of the Registrant's Annual Report to Shareholders for the year ended December 31, 1999 are incorporated into Parts I and II.
- (2) Portions of the Registrant's definitive Proxy Statement dated March 30, 2000 in connection with the Annual Meeting of Shareholders to be held on May 10, 2000 are incorporated into Part III.

The exhibit index is located on page 16.

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PART I

As used in this Report, the term "Quaker," unless the context otherwise requires, means Quaker Chemical Corporation, its subsidiaries, and associated companies.

Statements contained in this Annual Report on Form 10-K may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those projected in such statements.

Such risks and uncertainties include, but are not limited to, significant increase in raw material costs, worldwide economic and political conditions, and foreign currency fluctuations that may affect worldwide results of operations. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, appliance, or durable goods manufacturers.

Item 1. Business.

General Description

Quaker develops, produces, and markets a broad range of formulated chemical specialty products for various heavy industrial and manufacturing applications and, in addition, offers and markets chemical management services. Quaker's principal products and services include: (i) rolling lubricants (used by manufacturers of steel in the hot and cold rolling of steel and by manufacturers of aluminum in the cold rolling of aluminum); (ii) corrosion preventives (used by steel and metalworking customers to protect metal during manufacture, storage, and shipment); (iii) metal finishing compounds (used to prepare metal surfaces for special treatments such as galvanizing and tin plating and to prepare metal for further processing); (iv) machining and grinding compounds (used by metalworking customers in cutting, shaping, and grinding metal parts which require special treatment to enable them to tolerate the manufacturing process); (v) forming compounds (used to facilitate the drawing and extrusion of metal products); (vi) paper production products (used as defoamers, release agents, softeners, debonders, and dispersants); (vii) hydraulic fluids (used by steel, metalworking, and other customers to operate hydraulically activated equipment); (viii) products for the removal of hydrogen sulfide in various industrial applications; (ix) chemical milling maskants for the aerospace industry and temporary and permanent coatings for metal products; (x) construction products such as flexible sealants and protective coatings for various applications; and (xi) programs to provide chemical management services.

A substantial portion of Quaker's sales worldwide are made directly through its own sales force with the balance being handled through distributors and agents. Quaker sales persons visit the plants of customers regularly and, through training and experience, identify production needs which can be resolved or alleviated either by adapting Quaker's existing products or by applying new formulations developed in Quaker's laboratories. In 1999, certain products were

also sold in Canada and Korea by exclusive licensees under long-term royalty agreements. Generally, separate manufacturing facilities of a single customer are served by different sales personnel.

The business of the Company and its operating results are subject to certain risks, of which the principal ones are referred to in the following subsections.

Competition

The chemical specialty industry is composed of a number of companies of similar size as well as companies larger and smaller than Quaker. Quaker cannot readily determine its precise position in every industry it serves. Based on information available to Quaker, however, it is estimated that Quaker holds a significant position (among a group in excess of 25 other suppliers) in the market for process fluids used in the production of hot and cold rolling of steel. Many competitors are in fewer and more specialized product classifications or provide different levels of technical services in terms of specific formulations for individual customers. Competition in the industry is based primarily on the ability to provide products which meet the needs of the customer and render technical services and laboratory assistance to customers and, to a lesser extent, on price.

Major Customers and Markets

During 1999, Quaker's five largest customers (each composed of multiple subsidiaries or divisions with semi-autonomous purchasing authority) accounted for approximately 14.0% of its consolidated net sales with the largest of these customers accounting for approximately 3.3% of consolidated net sales. Furthermore, a significant portion of Quaker's revenues are realized from the sale of process fluids to manufacturers of steel, automobiles, appliances, and durable goods, and, therefore, Quaker is subject to the same business cycles as those experienced by these manufacturers and their customers.

Raw Materials

Quaker uses over 500 raw materials, including mineral oils, fats and fat derivatives, ethylene derivatives, solvents, surface active agents, chlorinated paraffinic compounds, and a wide variety of organic and inorganic compounds. In 1999, only one raw material accounted for as much as 10% of the total cost of

Quaker's raw material purchases. Many of the raw materials used by Quaker are "commodity" chemicals, and, therefore, Quaker's earnings can be affected by market changes in raw material prices. Quaker has multiple sources of supply for most materials, and management believes that the failure of any single supplier would not have a material adverse effect upon its business. Reference is made to disclosure contained in Item 7A of this Report.

Patents and Trademarks

Quaker has a limited number of patents and patent applications, including patents issued, applied for, or acquired in the United States and in various foreign countries, some of which may prove to be material to its business. Principal reliance is placed upon Quaker's proprietary formulae and the application of its skills and experience to meet customer needs. Quaker's products are identified by trademarks which are registered throughout its marketing area. Quaker makes little use of advertising but relies heavily upon its reputation in the markets which it serves.

Research and Development--Laboratories

Quaker's research and development laboratories are directed primarily toward applied research and development since the nature of Quaker's business requires continuing modification and improvement of formulations to provide

chemical specialties to satisfy customer requirements. Incorporated by reference is the information contained under the caption "Research and Development Costs" appearing in Note 1 of Notes to Consolidated Financial Statements on page 22 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Quaker maintains quality control laboratory facilities in each of its manufacturing locations. In addition, Quaker maintains in Conshohocken, Pennsylvania, and Uithoorn, The Netherlands, laboratory facilities which are devoted primarily to applied research and development.

Most of Quaker's subsidiaries and associated companies also have laboratory facilities. Although not as complete as the Conshohocken laboratories, these facilities are generally sufficient for the requirements of the customers being served. If problems are encountered which cannot be resolved by local laboratories, such problems may be referred to the corporate laboratory staff, which also defines and supervises corporate research projects.

Approximately 152 persons, of whom 104 have B. S. degrees or advanced degrees, are employed in Quaker's laboratories.

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Number of Employees

On December 31, 1999, Quaker's consolidated companies had 923 full-time employees of whom 396 were employed by the parent company and its U.S. subsidiaries and 527 were employed by its non-U.S. subsidiaries. Associated companies of Quaker (in which it owns 50% or less) employed 247 people on December 31, 1999.

Product Classification

Incorporated by reference is the information concerning product classification by markets served appearing in Note 11 of Notes to Consolidated Financial Statements on pages 28 and 29 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Non-U.S. Activities

Incorporated by reference is the information concerning non-U.S. activities appearing in Note 11 of Notes to Consolidated Financial Statements on pages 28 and 29 of the Registrant's 1999 Annual Report to Shareholders and under the caption "General" of the Operations section of Management's Discussion and Analysis of Financial Condition and Results of Operations which appears on page 17 of the aforementioned Annual Report, the incorporated portions of which are included as Exhibit 13 to this Report. Since significant revenues and earnings are generated by its non-U.S. operations, Quaker's financial results are affected by currency fluctuations, particularly between the U.S. dollar, the Euro, the Dutch guilder, the Brazilian real, and other foreign currencies, and the impact of those currency fluctuations on the underlying economies. Reference is made to disclosure contained in Item 7A of this Report.

Item 2. Properties.

Quaker's principal facilities in the United States are located in Conshohocken, Pennsylvania and Detroit, Michigan. Quaker's non-U.S. subsidiaries own facilities in Woodchester, England; Uithoorn, The Netherlands; Villeneuve, France; and Santa Perpetua de Mogoda, Spain; and Rio de Janeiro, Brazil and lease small sales facilities in other locations. All of these facilities are owned mortgage free. Financing for the Technical Center in Conshohocken, Pennsylvania was arranged through the use of industrial revenue and development bonds with an outstanding balance at December 31, 1999 of \$5 million.

Quaker's aforementioned facilities consist of various manufacturing,

administrative, warehouse, and laboratory buildings. Substantially all of the

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buildings are of fire-resistant construction and are equipped with sprinkler systems. All facilities are primarily of masonry and/or steel construction and are adequate and suitable for Quaker's present operations. The Company has a program to identify needed capital improvements which will be implemented as management considers necessary or desirable. Most locations have various numbers of raw material storage tanks ranging from 7 to 66 having a capacity from 1,000 to 82,000 gallons each and processing or manufacturing vessels ranging in capacity from 15 to 16,000 gallons each. Manufacturing and warehouse facilities located in Conshohocken, Pennsylvania, were closed in 1996.

In order to facilitate compliance with applicable federal, state, and local statutes and regulations relating to occupational health and safety and protection of the environment, the Company has an ongoing program of site assessment for the purpose of identifying capital expenditures or other actions that may be necessary to comply with such requirements. The program includes periodic inspections of each facility by Quaker and/or independent environmental experts, as well as ongoing inspections by on-site personnel. Such inspections are addressed to operational matters, record keeping, reporting requirements, and capital improvements. In 1999, capital expenditures directed solely or primarily to regulatory compliance amounted to approximately \$1.7 million.

Quaker's executive offices are located in a four-story building containing a total of approximately 47,000 square feet. A Technical Center containing approximately 28,700 square feet houses the laboratory facility. Both of these facilities are adjacent to Quaker's closed manufacturing facility in Conshohocken.

Quaker's 50% or less owned non-U.S. associated companies own or lease a plant and/or sales facilities in various locations.

Item 3. Legal Proceedings.

The Company is a party to proceedings, cases, and requests for information from, and negotiations with, various claimants and federal and state agencies relating to various matters including environmental matters, none of which is expected to result in monetary sanctions in an amount or in an award that would have a material adverse effect on the Company's results of operations or financial condition. For information concerning pending asbestos-related cases against a non-operating subsidiary and amounts accrued associated with certain environmental investigatory and noncapital remediation costs, refer to Note 13 of Notes to Consolidated Financial Statements which appears on page 30 in the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

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Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the last quarter of the period covered by this Report.

Item 4(a). Executive Officers of the Registrant.

Year First
Elected as
an Executive
Officer

Name

Office (since)

Age

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Ronald J. Naples	Chairman of the Board (1997), Chief Executive Officer (1995)	54	1995
Joseph W. Bauer	President and Chief Operating Officer (1998)	57	1998
Michael F. Barry	Vice President, Chief Financial Officer and Treasurer (1998)	41	1998
Jose Luiz Bregolato	Vice President-South America (1993)	54	1993
Ian F. Clark	Global Industry Leader- Steel/Fluid Power (1999), Vice President (1999)	55	1999
James A. Geier	Vice President-Human Resources (1997)	44	1997
Daniel S. Ma	Vice President-Asia/Pacific (1995)	59	1995
Marcus C. J. Meijer	Senior Vice President and Global Industry Leader- Metalworking/CMS (1999), Vice President-Europe (1990)	52	1990
Joseph F. Virdone	Vice President-Metalworking Americas and Global CMS (1999), Vice President-U.S. Commercial Operations (1996)	55	1996

Messrs. Bregolato, Ma, and Meijer have served as officers of the Registrant for more than the past five years. Prior to his election as President and Chief Executive Officer, effective October 2, 1995, Mr. Naples served as Chairman of the Board and Chief Executive Officer of Hunt Manufacturing Company until April 6, 1995, a position held for over five years. Mr. Naples was elected Chairman of the Board of the Registrant in 1997. Mr. Naples has been a Director of the Registrant

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since 1988. Prior to his election as an officer of the Registrant in July 1996, Mr. Virdone served as Industry Manager-Steel from 1994 to 1996. Prior to his election as an officer of the Registrant in November 1997, Mr. Geier was employed by Rhone-Poulenc Rorer Pharmaceuticals, Inc., where he held a variety of human resources positions. Prior to his election as an officer of the Registrant in March 1998, Mr. Bauer was employed by M. A. Hanna since 1992 and served as President of M. A. Hanna Color Division from 1996 to 1998 and President of PMS Consolidated from 1992 to 1995. Prior to his election as an officer of Registrant in November 1998, Mr. Barry was employed by Lyondell (formerly ARCO Chemical) where he held the position of Business Director for its Urethanes business throughout the Americas from 1997 to 1998 and where he also held a variety of finance and business positions from 1988 to 1997. Prior to his election as an officer of Registrant in March 1999, Mr. Clark was employed by Ciba Specialty Chemicals Corporation where he held the position of Vice President-Sales and Marketing, U.S. Pigments Division, from 1990 to 1998 and, in addition, was General Manager for one of its global pigment segments from 1996 to 1998.

There is no family relationship between the Registrant and any of the Registrant's Executive Officers. Each officer is elected for a term of one year.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Incorporated by reference is the information appearing under the caption "Stock Market and Related Security Holder Matters" on page 34 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Item 6. Selected Financial Data.

Incorporated by reference is the information appearing under the caption "Eleven-Year Financial Information" on pages 32 and 33 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Incorporated by reference is the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 and 17 of the Registrant's 1999 Annual Report to

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Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Quaker is exposed to the impact of interest rates, foreign currency fluctuations, and changes in commodity prices.

Interest Rate Risk. Quaker's exposure to market rate risk for changes in interest rates relates primarily to its short and long-term debt. Most of Quaker's long-term debt has a fixed interest rate, while its short-term debt is negotiated at market rates which can be either fixed or variable. Incorporated by reference is the information in "Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 of the Notes to Consolidated Financial Statements on pages 16 and 26, respectively, of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to this Report. Accordingly, if interest rates rise significantly, the cost of short-term debt to Quaker will increase. This can have a material adverse effect on Quaker depending on the extent of Quaker's short-term borrowings. As of December 31, 1999, Quaker had \$331,000 in short-term borrowings.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings are generated by its non-U.S. operations of its foreign subsidiaries. Incorporated by reference is the information concerning Quaker's non-U.S. activities appearing in Note 11 of the Notes to Consolidated Financial Statements on pages 28 and 29 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to this Report. All such subsidiaries use the local currency as their functional currency. Accordingly, Quaker's financial results are affected by risks typical of international business such as currency fluctuations, particularly between the U.S. dollar and the E.U. euro. As exchange rates vary, Quaker's results can be materially adversely affected.

In the past, Quaker has used, on a limited basis, forward exchange contracts to hedge foreign currency transactions and foreign exchange options to reduce exposure to changes in foreign exchange rates. The amount of any gain or loss on these derivative financial instruments was immaterial, and there are no contracts or options outstanding at December 31, 1999. Incorporated by reference is the information concerning Quaker's Significant Accounting Policies appearing in Note 1 of the Notes to Consolidated Financial Statements on page 22 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to this Report.

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Commodity Price Risk. Many of the raw materials used by Quaker are commodity chemicals, and, therefore, Quaker earnings can be materially adversely affected by market changes in raw material prices. In certain cases, Quaker has entered into fixed-price purchase contracts having a term of up to one year. These contracts provide for protection to Quaker if the price for the contracted raw materials rises, however, in certain limited circumstances, Quaker will not realize the benefit if such prices decline. Quaker has not been, nor is it currently a party to, any derivative financial instrument relative to commodities.

Item 8. Financial Statements and Supplementary Data.

Incorporated by reference is the information appearing on pages 18 through 34 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portions of which are included as Exhibit 13 to this Report.

Item 9. Changes in and Disagreements with Accountants
on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Incorporated by reference is the information beginning immediately following the caption "Election of Directors" to, but not including, the caption "Executive Compensation" contained in the Registrant's definitive Proxy Statement to be filed no later than 120 days after the close of its fiscal year ended December 31, 1999 (the "2000 Proxy Statement") and the information appearing in Item 4(a) on pages 6 and 7 of this Report.

Section 16(a) Beneficial Ownership Reporting Compliance.

Based solely on the Company's review of certain reports filed with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act"), as amended, and written representations of the Company's officers and directors, the Company believes that all reports required to be filed pursuant to the 1934 Act with respect to transactions in the Company's Common Stock through December 31, 1999 were filed on a timely basis.

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Item 11. Executive Compensation.

Incorporated by reference is the information beginning immediately following the caption "Executive Compensation" to, but not including, the caption "Compensation/Management Development Committee Report on Executive Compensation" contained in the Registrant's 2000 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners
and Management.

Incorporated by reference is the information beginning immediately following the caption "Security Ownership of Certain Beneficial Owners and Management" to, but not including, the caption "Election of Directors" contained in the Registrant's 2000 Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

No information is required to be provided in response to this Item 13.

PART IV

Item 14. Exhibits, Financial Statement Schedules,
and Reports on Form 8-K.

(a) Exhibits and Financial Statement Schedules

1. Financial Statements

The following is a list of the Financial Statements and related documents which have been incorporated by reference from the Registrant's Annual Report to Shareholders for the fiscal year ended December 31, 1999, as set forth in Item 8:

Consolidated Statement of Operations

Consolidated Balance Sheet

Consolidated Statement of Cash Flows

Consolidated Statement of Shareholders' Equity

Notes to Consolidated Financial Statements

Management's Responsibility for Financial Reporting

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Report of Independent Accountants

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Financial statements of 50% or less owned companies have been omitted because none of the companies meets the criteria requiring inclusion of such statements.

3. Exhibits (numbered in accordance with Item 601 of Regulation S-K)

3(a)-- Amended and Restated Articles of Incorporation dated July 16, 1990. Incorporated by reference to Exhibit 3(a) as filed by Registrant with Form 10-K for the year 1996.

3(b)-- By-Laws as amended through May 6, 1998. Incorporated by reference to Exhibit 3(b) as filed by Registrant with Form 10-K for the year 1998.

4--Shareholder Rights Plan dated February 7, 1990. Incorporated by reference to Form 8-K as filed by the Registrant on February 20, 1990.

4(a)--Shareholder Rights Plan dated March 6, 2000. Incorporated by reference to Form 8-K as filed by the Registrant on March 7, 2000.

10(a)--Long-Term Performance Incentive Plan as approved May 5, 1993. Incorporated by reference to Exhibit 10(a) as filed by the Registrant with Form 10-K for the year 1993.

10(h)--Documents constituting employment contract by and be-

tween Quaker Chemical Europe B.V. and M. C. J. Meijer dated January 1, 1991. Incorporated by reference to Exhibit 10(h) as filed by Registrant with Form 10-K for the year 1993.

10(i)--Employment Agreement by and between the Registrant and Ronald J. Naples dated August 14, 1995. Incorporated by reference to Exhibit 10(i) as filed by Registrant with Form 10-Q for the quarter ended September 30, 1995.

10(j)--Amendment to the Stock Option Agreement dated October 2, 1995 by and between the Registrant and Ronald J. Naples. Incorporated by reference to Exhibit 10(j) as filed by Registrant with Form 10-Q for the quarter ended September

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30, 1995.

10(k)--Employment Agreement by and between Registrant and Jose Luiz Bregolato dated June 14, 1993. Incorporated by reference to Exhibit 10(k) as filed by Registrant with Form 10-K for the year 1995.

10(l)--Employment Agreement by and between Registrant and Daniel S. Ma dated May 18, 1993. Incorporated by reference to Exhibit 10(l) as filed by Registrant with Form 10-K for the year 1995.

10(o)--Amendment No. 1 to Employment Agreement dated January 1, 1997 by and between Registrant and Ronald J. Naples. Incorporated by reference to Exhibit 10(o) as filed by Registrant with Form 10-K for the year 1997.

10(p)--Amendment No. 1 to 1995 Naples Restricted Stock Plan and Agreement dated January 21, 1998 by and between Registrant and Ronald J. Naples. Incorporated by reference to Exhibit 10(p) as filed by Registrant with Form 10-K for the year 1997.

10(q)--Employment Agreement by and between Registrant and Joseph F. Virdone dated July 17, 1996. Incorporated by reference to Exhibit 10(q) as filed by Registrant with Form 10-K for the year 1997.

10(r)--Employment Agreement by and between Registrant and James A. Geier dated November 5, 1997. Incorporated by reference to Exhibit 10(r) as filed by Registrant with Form 10-K for the year 1997.

10(s)--Employment Agreement by and between Registrant and Joseph W. Bauer dated March 9, 1998. Incorporated by reference to Exhibit 10(s) as filed by Registrant with Form 10-K for the year 1997.

10(t)--Employment Agreement by and between Registrant and Ronald J. Naples dated March 11, 1999. Incorporated by reference to Exhibit 10(t) as filed by Registrant with Form 10-K for the year 1998.

10(u)--Employment Agreement by and between Registrant and Michael F. Barry dated November 30, 1998. Incorporated by reference to Exhibit 10(u) as filed by Registrant with Form 10-K for the year 1998.

10(v)--Employment Agreement by and between Registrant and Ian F.

Clark dated March 15, 1999. Incorporated by reference to Exhibit 10(v) as filed by Registrant with Form 10-K for the year 1998.

10(w)--Change in Control Agreement by and between Registrant and Joseph W. Bauer dated February 1, 1999. Incorporated

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by reference to Exhibit 10(w) as filed by Registrant with Form 10-K for the year 1998.

10(x)--Change in Control Agreement by and between Registrant and Michael F. Barry dated November 30, 1998. Incorporated by reference to Exhibit 10(x) as filed by Registrant with Form 10-K for the year 1998.

10(y)--Change in Control Agreement by and between Registrant and Jose Luiz Bregolato dated January 6, 1999. Incorporated by reference to Exhibit 10(y) as filed by Registrant with Form 10-K for the year 1998.

10(z)--Change in Control Agreement by and between Registrant and James A. Geier dated January 15, 1999. Incorporated by reference to Exhibit 10(z) as filed by Registrant with Form 10-K for the year 1998.

10(aa)--Change in Control Agreement by and between Registrant and Daniel S. Ma dated January 15, 1999. Incorporated by reference to Exhibit 10(aa) as filed by Registrant with Form 10-K for the year 1998.

10(bb)--Change in Control Agreement by and between Registrant and Joseph F. Virdone dated December 21, 1998. Incorporated by reference to Exhibit 10(bb) as filed by Registrant with Form 10-K for the year 1998.

10(cc)--Change in Control Agreement by and between Registrant and Ian F. Clark dated March 15, 1999. Incorporated by reference to Exhibit 10(cc) as filed by Registrant with Form 10-K for the year 1998.

10(dd)--1999 Long-Term Performance Incentive Plan as approved May 12, 1999, effective January 1, 1999.

10(ee)--Employment Agreement by and between Registrant and Marcus C. J. Meijer dated September 28, 1999.

10(ff)--Deferred Compensation Plan as adopted by the Registrant dated December 17, 1999, effective July 1, 1997.

10(gg)--Supplemental Retirement Income Program adopted by the Registrant on November 6, 1984, as amended November 8, 1989.

13 -- Portions of the 1999 Annual Report to Shareholders incorporated by reference.

21 -- Subsidiaries and Affiliates of the Registrant.

23 -- Consent of Independent Accountants.

27 -- Financial Data Schedule.

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(b) Reports on Form 8-K.

No reports on Form 8-K were filed by the Registrant during the last quarter of the period covered by this Report.

(c) The exhibits required by Item 601 of Regulation S-K filed as part of this Report or incorporated herein by reference are listed in subparagraph (a)(3) of this Item 14.

(d) The financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

SIGNATURES

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

QUAKER CHEMICAL CORPORATION

Registrant

Date: March 22, 2000

By: /s/ Ronald J. Naples

Ronald J. Naples
Chairman of the Board and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures -----	Capacity -----	Date ----
/s/ Ronald J. Naples ----- Ronald J. Naples Chairman of the Board and Chief Executive Officer	Principal Executive Officer and Director	March 22, 2000
/s/ Michael F. Barry ----- Michael F. Barry Vice President, Chief Financial Officer, and Treasurer	Principal Financial Officer	March 22, 2000
/s/ Joseph B. Anderson, Jr. ----- Joseph B. Anderson, Jr.	Director	March 22, 2000
-----	Director	March __, 2000

QUAKER CHEMICAL CORPORATION
1999 LONG-TERM PERFORMANCE INCENTIVE PLAN

1. PURPOSE OF THE PLAN

This Long-Term Performance Incentive Plan (the "Plan") has been established to provide incentives and awards to those employees largely responsible for the long-term success of Quaker Chemical Corporation (the "Company") and its subsidiaries. In addition, the Plan is intended to enable the Company to attract and retain executives in the future and to encourage key employees to acquire a proprietary interest in the performance of the Company by purchasing and owning shares of Common Stock of the Company.

2. GENERAL PROVISIONS

2.1 Definitions.

As used in the Plan:

- (a) "Award" means a restricted stock award granted pursuant to Section 5 of the Plan.
- (b) "Act" means the Securities Exchange Act of 1934, as amended.
- (c) "Board of Directors" means the Board of Directors of the Company.
- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (e) "Committee" means the Compensation/Management Development Committee of the Board of Directors.
- (f) "Common Stock" means the Common Stock, par value \$1.00 per share, of the Company.
- (g) "Fair Market Value" means, with respect to the date a given Stock Option or Stock Appreciation Right is granted or exercised, the average of the lowest and highest sales price for a share of Common Stock on the New York Stock Exchange or, if not reported on the New York Stock Exchange, as quoted on the principal exchange on which the Common Stock is listed; provided, however, if no such sales are made on such date, then on the next proceeding date on which there are such sales. If for any day the Fair Market Value of a share of Common Stock is not determinable by any of the foregoing means, then the Fair Market Value for such day shall be determined in good faith by the Committee on the basis of such quotations and other considerations as the Committee deems appropriate.
- (h) "Incentive Stock Option" means an option granted under the Plan, which is intended to qualify as an incentive stock option under Section 422 of the Code.
- (i) "Non-Qualified Stock Option" means an option granted under the Plan which is not an Incentive Stock Option.
- (j) "Option Event" means the date on which:

(i) any person (a "Person"), as such term is used in Sections 13(d) and 14(d) of the Act, (other than (A) the Company and/or its wholly owned subsidiaries; (B) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (C) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company; or (D) any other Person who is as of the date of this Agreement presently an executive officer of the Company or any group of Persons of which he voluntarily is a part) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities or such lesser percentage of voting power, but not less than 15%, as the Board of Directors of the Company shall determine; provided, however, that an Option Event shall not be deemed to have occurred under the provisions of this

subsection (i) by reason of the beneficial ownership of voting securities by members of the Benoliel Family (as defined below) unless and until the beneficial ownership of all members of the Benoliel Family (including any other individuals or entities who or which, together with any member or members of the Benoliel Family, are deemed under Sections 13 (d) or 14(d) of the Act to constitute a single Person) exceeds 50% of the combined voting power of the Company's then outstanding securities;

(ii) during any two-year period beginning on the effective date of this Plan, Directors of the Company in office at the beginning of such period plus any new Director (other than a Director designated by a Person who has entered into an agreement with the Company to effect a transaction within the purview of subsections (i) or (iii) hereof) whose election by the Board of Directors or whose nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved shall cease for any reason to constitute at least a majority of the Board of Directors; or

(iii) the Company's shareholders or the Company's Board of Directors shall approve (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the Company's Common Stock would be converted into cash, securities, and/or other property, other than a merger of the Company in which holders of Common Stock immediately prior to the merger have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger as they had in the Common Stock immediately before; (B) any sale, lease, exchange, or other transfer (in one

transaction or a series of related transactions) of all or substantially all the assets or earning power of the Company; or (C) the liquidation or dissolution of the Company.

As used in this Agreement, the "Benoliel Family" shall mean Peter A. Benoliel, his wife and children and their respective spouses and children, and all trusts created by or for the benefit of any of them.

- (k) "Participant" means an employee of the Company or one or more of its Subsidiaries to whom a Stock Option, a Stock Appreciation Right, an Award and/or a Performance Incentive Unit has been granted under the Plan.
- (l) "Performance Award Period" means a period of three (3) consecutive calendar years, the first of which shall commence on January 1, 1999, and the balance of which shall commence on January 1 of every calendar year thereafter through 2007.
- (m) "Performance Incentive Unit" means a unit granted in accordance with the provisions of Section 4.1 of the Plan.
- (n) "Performance Program Target" means the performance program targets fixed by the Committee for a particular Performance Award Period.
- (o) "Rule 16b-3" means Rule 16b-3 promulgated under the Act or any successor Rule.
- (p) "Stock Appreciation Right" means a right granted, pursuant to Section 3.7 of the Plan, to a holder of a Stock Option.
- (q) "Stock Option" means an Incentive Stock Option or Non-Qualified Stock Option granted under the Plan.
- (r) "Subsidiary" means any corporation whose outstanding voting securities having ordinary voting power to elect directors (other than securities having such power only by reason of the happening of a contingency) shall at the time be 50% or more owned, directly or indirectly, by the Company.
- (s) "Total Disability" shall mean (i) a physical or mental disability which, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Committee and reasonably acceptable to the Participant or the Participant's legal representative or (ii) if the Company then has in effect a disability plan covering employees

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generally, including the Participant, the definition of covered total and permanent "disability" set forth in such plan.

2.2 Administration of the Plan.

- (a) The Plan shall be administered by the Committee which shall have the full power, subject to and within the limits of the Plan, to: (i) interpret and administer the Plan and Stock Options, Awards, Performance Incentive Units, and Stock Appreciation Rights granted under it; and (ii) make and

interpret rules and regulations for the administration of the Plan and to make changes in and revoke such rules and regulations. The Committee, in the exercise of these powers, shall (i) generally determine all questions of policy and expediency that may arise and may correct any defect, omission, or inconsistency in the Plan or any agreement evidencing the grant of any Stock Option, Award, Performance Incentive Unit, or Stock Appreciation Right in a manner and to the extent it shall deem necessary to make the Plan fully effective; (ii) determine those eligible employees to whom Stock Options, Awards, Stock Appreciation Rights, and/or Performance Incentive Units shall be granted and the number of any thereof to be granted to any eligible employee, consistent with the provisions of the Plan; (iii) determine the terms of Stock Options, Awards, Stock Appreciation Rights, and Performance Incentive Units granted consistent with the provisions of the Plan; and (iv) generally, exercise such powers and perform such acts in connection with the Plan as are deemed necessary or expedient to promote the best interests of the Company.

- (b) The Committee shall consist of not less than two (2) members of the Board of Directors, each of whom is a "disinterested person" (as defined in Rule 16b-3) with respect to the Plan. The Board may also select one or more directors who satisfy the requirements in the preceding sentence as alternate members of the Committee who may take the place of any absent member or members of the Committee at any meeting of the Committee. The Committee may act only by a majority of its members then in office; the Committee may authorize any one or more of its members or any officer of the Company to execute and deliver documents on behalf of the Committee.

2.3 Effective Date.

The Plan shall be effective as of January 1, 1999, provided that the Plan is approved and ratified by the Company's shareholders at the Company's 1999 Annual Meeting of Shareholders. If the Plan is not so approved by the Company's shareholders, the Plan and all awards previously granted thereunder become null and void.

2.4 Duration.

If approved by the shareholders of the Company, as provided in Section 2.3, unless sooner terminated by the Board of Directors, the Plan shall remain in effect until December 31, 2008.

2.5 Shares Subject to the Plan.

The maximum number of shares of Common Stock which may be subject to Stock Options and Awards granted under the Plan shall be 1,000,000, subject to adjustment in accordance with Section 6.1, which shares may be either authorized and unissued shares of Common Stock or authorized and issued shares of Common Stock purchased or acquired by the Company for any purpose. If a Stock Option or portion thereof shall expire or be terminated, cancelled, or surrendered for any reason without being exercised in full, the unpurchased shares of Common Stock which were subject to such Stock Option or portion thereof shall be available for future grants of Stock Options or Awards under the Plan. In the event any Award lapses prior to the realization thereof, any shares of Common Stock allocable to such Award shall again be available for future grants of Stock Options or Awards.

2.6 Amendments.

The Plan may be suspended, terminated, or reinstated, in whole or

in part, at any time by the Board of Directors. The Board of Directors may from time to time make such amendments to the Plan as it may deem advisable, including, with respect to Incentive Stock Options, amendments deemed necessary or desirable to comply with Section 422 of the Code and any regulations issued thereunder; provided, however, that, without the approval of the Company's shareholders, no amendment shall be made which:

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- (a) Increases the maximum number of shares of Common Stock which may be subject to Stock Options or Awards granted under the Plan (other than as provided in Section 6.1); or
- (b) Extends the term of the Plan; or
- (c) Increases the period during which a Stock Option may be exercised beyond ten (10) years from the date of grant; or
- (d) Otherwise materially increases the benefits accruing to Participants under the Plan; or
- (e) Materially modifies the requirements as to eligibility for participation in the Plan; or
- (f) Will cause Stock Options, Awards, Stock Appreciation Rights, or Performance Incentive Units issued or granted under the Plan to fail to meet the requirements of Rule 16b-3.

Termination or amendment of the Plan shall not, without the consent of the Participant, affect such Participant's rights under any Stock Option, Award, Stock Appreciation Right or Performance Incentive Unit previously granted to such Participant.

2.7 Participants and Grants.

Stock Options, Awards, Stock Appreciation Rights, and Performance Incentive Units may be granted by the Committee to those full-time salaried employees of the Company and its Subsidiaries who the Committee determines hold positions which enable them to have a significant impact on the Company's long-term financial performance. The Committee may grant to eligible employees Incentive Stock Options, Non-Qualified Stock Options, and Awards with respect to such number of shares of Common Stock (subject to the limitations of Section 2.5) and Stock Appreciation Rights and/or such number of Performance Incentive Units as the Committee may, in its sole discretion, determine. In determining the number of shares of Common Stock subject to a Stock Option or an Award and the number of Performance Incentive Units to be granted to an eligible employee, the Committee shall consider the employee's base salary, his or her expected contribution to the long-term performance of the Company, and such other relevant facts as the Committee shall deem appropriate. In granting Stock Options, Awards, Stock Appreciation Rights, and Performance Incentive Units under the Plan, the Committee may vary the number of Incentive Stock Options, Non-Qualified Options, Awards, Stock Appreciation Rights, and/or Performance Incentive Units to an eligible employee in such amounts as the Committee may determine in its discretion.

3. STOCK OPTIONS

3.1 General.

All Stock Options granted under the Plan shall be evidenced by written agreements executed by the Company and the employee to whom granted which agreement shall state the number of shares of Common Stock which may be purchased upon the exercise thereof and shall contain such investment representations and other terms and conditions as the Committee may from time to time determine, or, in the case of Incentive Stock Options, as may be required by Section 422 of the Code, or any other applicable law.

3.2 Price.

Subject to the provisions of Sections 3.6(d) and 6.1, the purchase price per share of Common Stock subject to a Stock Option shall, in no case, be less than 100 percent (100%) of the Fair Market Value of a share of Common Stock on the date the Stock Option is granted.

3.3 Period.

The duration or term of each Stock Option granted under the Plan shall be for such period as the Committee shall determine but in no event more than ten (10) years from the date of grant thereof.

3.4 Exercise.

Subject to Sections 3.10 and 6.1, no Stock Option shall be exercisable prior to the expiration of one (1) year from the date it is granted. Once exercisable, a Stock Option shall be exercisable, in whole or in part, by delivery of a written notice of exercise to the Secretary of the Company at the principal office of the Company specifying the number of shares of Common Stock as to which the Stock Option is then being exercised together with payment of the full purchase price for the shares being

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purchased upon such exercise. Until the shares of Common Stock as to which a Stock Option is exercised are paid for in full and issued, the Participant shall have none of the rights of a shareholder of the Company.

3.5 Payment.

The purchase price for shares of Common Stock as to which a Stock Option has been exercised may be paid:

- (a) In United States dollars in cash, or by check, bank draft, or money order payable in United States dollars to the order of the Company; or
- (b) In the discretion of the Committee by note; or
- (c) In the discretion of the Committee, by the delivery by the Participant to the Company of whole shares of Common Stock having an aggregate Fair Market Value on the date of payment equal to the aggregate of the purchase price of Common Stock as to which the Stock Option is then being exercised or by the withholding of whole shares of Common Stock having such Fair Market Value upon the exercise of such Stock Option; or
- (d) In the discretion of the Committee, in United States dollars in cash, or by check, bank draft, or money order payable in

United States dollars to the order of the Company delivered to the Company by a broker in exchange for its receipt of stock certificates from the Company in accordance with instructions of the Participant to the broker pursuant to which the broker is required to deliver to the Company the amount of sale or loan proceeds required to pay the purchase price; or

- (e) In the discretion of the Committee, by a combination of any number of the foregoing.

The Committee may, in its discretion, impose limitations, conditions, and prohibitions on the use by a Participant of shares of Common Stock to pay the purchase price payable by such Participant upon the exercise of a Stock Option.

3.6 Special Rules for Incentive Stock Options.

Notwithstanding any other provision of the Plan, the following provisions shall apply to Incentive Stock Options granted under the Plan:

- (a) Incentive Stock Options shall only be granted to Participants who are employees of the Company or its Subsidiaries.
- (b) To the extent that the aggregate Fair Market Value of stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under this Plan and any other Plan of the Company or a Subsidiary exceeds \$100,000, such Stock Options shall be treated as Non-Qualified Stock Options.
- (c) Any Participant who disposes of shares of Common Stock acquired upon the exercise of an Incentive Stock Option by sale or exchange either within two (2) years after the date of the grant of the Incentive Stock Option under which the shares were acquired or within one (1) year of the acquisition of such shares, shall promptly notify the Secretary of the Company at the principal office of the Company of such disposition, the amount realized, the purchase price per share paid upon exercise, and the date of disposition.
- (d) No Incentive Stock Option shall be granted to a Participant who, at the time of the grant, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock either of the Company or any parent or Subsidiary of the Company, unless the purchase price of the shares of Common Stock purchasable upon exercise of such Incentive Stock Option is at least one hundred ten percent (110%) of the Fair Market Value (at the time the Incentive Stock Option is granted) of the Common Stock and the Incentive Stock Option is not exercisable more than five (5) years from the date it is granted.

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3.7 Stock Appreciation Rights.

- (a) Grant.

Stock Appreciation Rights may be granted under the Plan by the Committee, but only in connection with all or any part of a Stock Option granted under the Plan. Stock Appreciation

Rights may be granted either concurrently with the grant of a Stock Option or at any time thereafter during the term of the Stock Option. A Stock Appreciation Right shall be exercisable only upon surrender of the related Stock Option or portion thereof and shall entitle the Participant to receive the excess of the Fair Market Value of the shares of Common Stock for which the Stock Appreciation Right is exercised on the date of such exercise over the purchase price per share of Common Stock under the related Stock Option. Such excess is hereafter call the "Spread."

(b) Exercise of Stock Appreciation Right.

Stock Appreciation Rights shall be exercisable at such time as and to the extent, but only to the extent, that the Stock Option to which they relate shall be exercisable and shall be subject to any other terms and conditions, not inconsistent with the Plan, as may be fixed by the Committee at the time the Stock Appreciation Right is granted. No Stock Appreciation Right shall be exercisable prior to the later of: (i) six (6) months and one (1) day following the date on which such Stock Appreciation Right was granted or (ii) the date on which the related Stock Option or any portion thereof first becomes exercisable. Shares of Common Stock subject to a Stock Option surrendered by a Participant in connection with an exercise of Stock Appreciation Rights may not again be subjected to Stock Options under the Plan. Upon the exercise of Stock Appreciation Rights, the Participant shall be entitled to receive from the Company in exchange for the surrendered Stock Option or portion thereof, an amount equal to the Spread either in cash or in shares of Common Stock having a Fair Market Value equal to the Spread, or both, as the Committee may determine; provided, however, that the number of shares of Common Stock which a Participant may receive upon the exercise of Stock Appreciation Rights may not exceed the number of shares of Common Stock subject to the Stock Option or portion thereof surrendered upon exercise of such Stock Appreciation Rights. The shares of Common Stock issuable upon exercise of Stock Appreciation Rights may consist either in whole or in part of authorized and unissued shares of Common Stock or authorized and issued shares of Common Stock purchased or acquired by the Company for any purpose. If shares of Common Stock are to be issued to a Participant upon exercise by the Participant of Stock Appreciation Rights, such Participant shall have none of the rights of a shareholder of the Company until the shares of Common Stock are issued.

3.8 Termination of Employment.

- (a) In the event a Participant's employment by the Company or its Subsidiaries shall be terminated for cause, as determined by the Committee, while the Participant holds Stock Options granted under the Plan, all Stock Options held by the Participant shall expire immediately.
- (b) If a Participant, while holding Stock Options, (i) retires upon reaching his normal retirement date or having elected early retirement under a formal plan or policy of the Company or (ii) dies, then each Stock Option held by the Participant shall be exercisable by the Participant (or, in the case of death, by the executor or administrator of the Participant's estate or by the person or persons to whom the deceased Participant's rights thereunder shall have passed by

will or by the laws of descent or distribution) until the earlier of (A) its stated expiration date or (B) the date occurring three (3) years after the date of such retirement or death, as the case may be. If a Participant's employment by the Company or its Subsidiaries shall terminate as a result of the Participant's Total Disability, while such Participant is holding Stock Options, then each Stock Option held by the Participant shall be exercisable by the Participant until its stated expiration date.

- (c) If a Participant's employment by the Company or its Subsidiaries shall terminate for any reason not specified in Sections 3.8(a) or (b), the Participant shall, to the extent otherwise exercisable, have the right to exercise the Stock Options held by him or her at the date of termination for a period of three (3) months or, in the case of Stock Options which are not intended

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to be Incentive Stock Options, such extended period as the Committee may, in its sole discretion determine at or after the date of grant; provided, however, that in no event shall such Stock Options be exercisable after their stated expiration date.

- (d) Stock Options held by a Participant at the time of the termination of his or her employment by the Company or its Subsidiaries which, by their terms are not then exercisable, shall, subject to, and except as otherwise provided by, the provisions of (i) this Section 3.8 regarding expiration or lapse and (ii) Section 3.10 regarding acceleration and redemption become exercisable (if at all) at the times, and otherwise in the manner, set forth in connection with their original grant or on such accelerated basis as the Committee may, in its sole discretion, determine at or after grant.

3.9 Effect of Leaves of Absence.

It shall not be considered a termination of employment when a Participant is on military or sick leave or such other type of leave of absence which is considered as continuing intact the employment relationship of the Participant with the Company or its Subsidiaries. In case of such leave of absence, the employment relationship shall be continued until the later of the date when such leave equals ninety (90) days or the date when the Participant's right to reemployment shall no longer be guaranteed either by statute or contract.

3.10 Acceleration and Redemption.

Upon the occurrence of an Option Event, all Stock Options granted and outstanding under the Plan shall become immediately exercisable in full regardless of any terms of said Stock Option to the contrary.

4. PERFORMANCE INCENTIVE UNITS

4.1 Grant.

From time to time during each Performance Award Period, the Committee may grant Performance Incentive Units to eligible employees in conjunction with or separately from a grant of Stock Options; provided, however, that Performance Incentive Units shall not be granted to any one eligible employee more often than once with respect to a Performance Award Period.

4.2 Establishment of Stated Value and Performance Program Targets.

At the beginning of each Performance Award Period, the Committee shall establish the Performance Program Targets applicable to that Performance Award Period (which may be expressed as increases in the Company's earnings per share, return or average return on assets, or in terms of any financial or other standard, or combinations thereof, as the Committee may determine in its discretion), the Stated Value (which shall be expressed in dollars) of Performance Incentive Units to be granted with respect to such Performance Award Period, and shall fix the percentage, if any, of the Stated Value to be earned upon the achievement of the Performance Program Targets established for the relevant Performance Award Period; provided, however, that the percentage of Stated Value to be earned upon achievement of the maximum Performance Program Target established with respect to a Performance Award Period shall in no event exceed 200% of Stated Value fixed for that Performance Award Period.

If the Committee determines that an unforeseen change during a Performance Award Period in the Company's business operations, corporate structure, capital structure, or manner in which it conducts business is extraordinary and material and that the Performance Program Targets established for the Performance Award Period are no longer suitable, the Committee may, but only with the concurrence of the Board of Directors, modify the Performance Program Targets as it deems appropriate and equitable; provided, however, that no such modification shall increase the Performance Program Targets in effect for any Performance Award Period (i.e., establish a target that is more difficult to achieve than the original Performance Program Target).

4.3 Payment.

As promptly as practicable after the end of each Performance Award Period, the Committee shall, pursuant to Section 4.2 of the Plan, determine the earned percentage of Stated Value of the Performance Incentive Units granted with respect to such completed Performance Award Period.

The Company shall, as soon as practicable after such determination has been made, pay to each Participant holding Performance Incentive Units granted with respect to such completed Performance Award Period, for each such Performance Incentive Units held by him or her an amount equal to the product obtained by multiplying Stated Value by

the earned percentage of Stated Value; provided, however, that no amounts shall be due or payable with respect to any Performance Incentive Units unless the Participant to whom such Performance Incentive Units have been granted is employed by the Company on the date of payment.

4.4 Termination of Employment.

If a Participant's employment by the Company and its Subsidiaries terminates for any reason, the Performance Incentive Units held by the Participant with respect to any Performance Award Period which has not ended at the date of such termination shall become null and void; provided, however, that the Committee, in its sole discretion, shall have the right to authorize proportionate payment in cases of death or retirement at the normal retirement date or under a formal early retirement plan or policy of the Company if the Committee in its discretion determines a payment to be appropriate and equitable.

5. RESTRICTED STOCK

5.1 Grant

Common Stock may be granted from time to time under the Plan by the Committee to eligible employees. An Award will consist of Common Stock to be transferred to a Participant without other payment therefor upon completion of any restriction period relating to such Award ("Restriction Period") and satisfaction of any performance criteria, each as may be established by the Committee.

5.2 Restrictions

Except as otherwise provided in this Section 5, no Award or shares of Common Stock relating to any Award may be sold, exchanged, transferred, pledged, hypothecated, or otherwise disposed of during the Restriction Period; provided, however, the Restriction Period for any Participant shall be deemed to end and all restrictions on shares of the Common Stock subject to the Award shall lapse upon the Participant's death, Total Disability, the Participant's retirement after attaining his or her retirement date under a formal plan or policy of the Company, upon an event that would constitute an Option Event, or upon any other date or event as may be determined by the Committee in its sole discretion at or after grant of the Award.

5.3 Lapse

If a Participant terminates employment with the Company for any reason other than as set forth in Section 5.2 before the expiration of the Restriction Period, the Award shall lapse and all shares of Common Stock still subject to restriction shall be forfeited and shall be reacquired by the Company without further consideration.

5.4 Custody of Shares

The Committee may require under such terms and conditions as it deems appropriate or desirable that the certificates for Common Stock subject to an Award be held in custody by a bank or other institution or that the Company may itself hold such shares in custody until the Restriction Period expires or until restrictions thereon otherwise lapse and may require as a condition of any Award that the Participant

shall have delivered to the Company a stock power endorsed in blank relating to the shares of Common Stock subject to the Award. The shares of Common Stock subject to an Award shall be issued promptly after the conclusion of the Restriction Period and the satisfaction of any applicable performance criteria.

5.5 Shareholder Rights

Each Participant who receives an Award shall have all of the rights of a shareholder with respect to such shares of Common Stock attributable thereto, including the right to vote the shares and receive dividends and other distributions.

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5.6 Agreement

Each Award granted under the Plan shall be evidenced by an Award Agreement between the Company and the Participant which shall set forth the number of shares of Common Stock subject to the Award, the length of the Restriction Period, and such performance criteria relating to the vesting of the shares of Common Stock to which the Award is subject as the Committee may, in its sole discretion, determine.

6. MISCELLANEOUS PROVISIONS

6.1 Adjustments Upon Changes in Capitalization.

In the event of changes to the outstanding shares of Common Stock of the Company through reorganization, merger, consolidation, recapitalization, reclassification, stock splits, stock dividend, stock consolidation or otherwise, or in the event of a sale of all or substantially all of the assets of the Company, an appropriate and proportionate adjustment shall be made in the number and kind of shares as to which Stock Options or Awards may be granted. A corresponding adjustment changing the number or kind of shares and/or the purchase price per share of unexercised Stock Options or Awards or portions thereof which shall have been granted prior to any such change shall likewise be made. Notwithstanding the foregoing, in the case of a reorganization, merger or consolidation, or sale of all or substantially all of the assets of the Company, in lieu of adjustments as aforesaid, the Committee may in its discretion accelerate the date after which a Stock Option may or may not be exercised or the stated expiration date thereof and may accelerate the termination date of any Award or Performance Award Period then in effect. Adjustments or changes under this Section shall be made by the Committee, whose determination as to what adjustments or changes shall be made, and the extent thereof, shall be final, binding, and conclusive.

6.2 Non-Transferability.

No Stock Option, Stock Appreciation Right, Award, or Performance Incentive Unit granted under the Plan shall be transferable by the Participant except by will or the laws of descent and distribution nor shall any Stock Option be exercisable during the Participant's lifetime by any person other than the Participant or his guardian or legal representative.

6.3 Withholding.

The Company's obligations in connection with this Plan shall be subject to applicable federal, state, and local tax withholding requirements. Federal, state, and local withholding tax due at the time of a grant or upon the exercise of any Stock Option or upon the lapse of restrictions on any shares of Common Stock subject to an Award may, in the discretion of the Committee, be paid in shares of Common Stock already owned by the Participant or through the withholding of shares otherwise issuable to such Participant upon such terms and conditions as the Committee shall determine. If the Participant shall either fail to pay, or make arrangements satisfactory to the Committee for the payment, to the Company of all such federal, state, and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Participant an amount equal to any federal, state, or local taxes of any kind required to be withheld by the Company.

6.4 Compliance with Law and Approval of Regulatory Bodies.

No Stock Option, Stock Appreciation Right, or Performance Incentive Unit shall be exercisable and no shares will be delivered under the Plan except in compliance with all applicable federal and state laws and regulations including, without limitation, compliance with all federal and state securities laws and withholding tax requirements and with the rules of the New York Stock Exchange and of all domestic stock exchanges on which the Common Stock may be listed. Any share certificate issued to evidence shares for which a Stock Option is exercised or for which an Award has been granted may bear legends and statements the Committee shall deem advisable to assure compliance with federal and state laws and regulations. No Stock Option, Stock Appreciation Right, or Performance Incentive Unit shall be exercisable and no shares will be delivered under the Plan, until the Company has obtained consent or approval from regulatory bodies, federal or state, having jurisdiction over such matters as the Committee may deem advisable. In the case of an Award or the exercise of a Stock Option or Stock Appreciation Right by a person or estate acquiring the right to the Award or the

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exercise of a Stock Option or Stock Appreciation Right as a result of the death of the Participant, the Committee may require reasonable evidence as to the ownership of the Stock Option, Award, or Stock Appreciation Right and may require consents and releases of taxing authorities that it may deem advisable.

6.5 No Right to Employment.

Neither the adoption of the Plan nor its operation, nor any document describing or referring to the Plan, or any part thereof, nor the granting of any Stock Options, Stock Appreciation Rights, Awards, or Performance Incentive Units hereunder, shall confer upon any Participant under the Plan any right to continue in the employ of the Company or any Subsidiary, or shall in any way affect the right and power of the Company or any Subsidiary to terminate the employment of any Participant at any time with or without assigning a reason therefor, to the same extent as might have been done if the Plan had not been adopted.

6.6 Exclusion from Pension Computations.

By acceptance of a grant of a Stock Option, Stock Appreciation Right, Award, or Performance Incentive Unit under the Plan, the recipient shall be deemed to agree that any income realized upon the receipt, exercise, or vesting thereof or upon the disposition of the shares received upon exercise will not be taken into account as "base remuneration," "wages," "salary" or "compensation" in determining the amount of any contribution to or payment or any other benefit under any pension, retirement, incentive, profit-sharing, or deferred compensation plan of the Company or any Subsidiary.

6.7 Separability.

If any of the terms or provisions of the Plan conflict with the requirements of Rule 16b-3, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3.

6.8 Interpretation of the Plan.

Headings are given to the Sections of the Plan solely as a convenience to facilitate reference, such headings, numbering, and paragraphing shall not in any case be deemed in any way material or relevant to the construction of the Plan or any provision hereof. The use of the masculine gender shall also include within its meaning the feminine. The use of the singular shall also include within its meaning the plural and vice versa.

6.9 Use of Proceeds.

Funds received by the Company upon the exercise of Stock Options granted under the Plan shall be used for the general corporate purposes of the Company.

6.10 Construction of Plan.

The place of administration of the Plan shall be in the Commonwealth of Pennsylvania, and the validity, construction, interpretation, administration, and effect of the Plan and of its rules and regulations, and rights relating to the Plan, shall be determined solely in accordance with the laws of the Commonwealth of Pennsylvania.

[LOGO]Quaker Chemical Corporation

EXHIBIT 10(ee)

JOSEPH W. BAUER
PRESIDENT AND
CHIEF OPERATING OFFICER

September 28, 1999

Mr. Marcus C. J. Meijer
Bruglaan 3
3743 JB Baarn
The Netherlands

Dear Marc,

Effective July 1, 1999, you have been appointed Senior Vice President - Global Industry Leader Metalworking/Chemical Management Services of Quaker Chemical Corporation.

Due to your position as per July 1, 1999, your employment contract with Quaker Chemical Europe B.V. has been terminated as per June 30, 1999. Instead, your employment agreement as of July 1, 1999 shall be with Quaker Chemical Corporation ("Quaker").

Addendum 1 to this letter of appointment contains the General Terms of Employment of Quaker's corporate officers. These General Terms form part of your employment agreement with Quaker.

You will maintain offices in the corporate headquarters at Conshohocken and in the offices of Quaker Chemical Europe B.V.

Further, it is understood that you will fully and promptly communicate to Quaker all inventions, discoveries, developments, formulas, or processes made or conceived by you at any time during the term of your employment by Quaker which relate to any chemical work or any other lines of Quaker's activities.

In addition, you will assist Quaker, entirely at its own expense, to obtain, for its sole benefit, any and all patents for these inventions, discoveries, formulas, or processes in any and all countries. All such inventions, discoveries, formulas, or processes are to be and remain the exclusive property of Quaker or its nominees, whether patented or not.

Further, you will keep complete, accurate, and authentic notes, data, and records of all such information and of all work done by you, alone or jointly with others, in a

ELM AND LEE STREETS o CONSHOCKEN o PENNSYLVANIA 19428-0809 o USA o TELEPHONE:
610-832-8589 o FACSIMILE: 610-832-4494

Mr. Marcus C. J. Meijer
September 28, 1999
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form directed by Quaker and at the request of Quaker. You will make application, in due form, for United States Letters Patent and Foreign Letters Patent on any invention subject to this Agreement and assign and transfer to it all your right, title, and interest therein and thereto if any you may have; and you will execute and deliver from time to time, during or after this term of your

employment by Quaker, all instruments and do all acts which may be necessary or which, in the opinion of Quaker, may be desirable in connection with any such patent application (or any continuation, renewal, or reissue proceedings pertaining thereto) or to establish, confirm, and perfect in Quaker all your right, title, and interest, if any, in any such invention or in connection with the conduct of any proceeding or litigation in regard to such invention, patent application, or patent.

The individual terms of your employment agreement with Quaker read as follows:

1. (a) The agreement is entered into for an indefinite period of time and may be terminated at any time by either party upon the giving of notice of three months prior to the effective date of such termination.

(b) If Quaker acts to terminate the employment for reasons which are in Quaker's opinion beyond the Senior Vice President's fault, a settlement shall be paid at the expiration of the three-month notice period. The amount of the settlement shall be two month's income per full year of service at the termination date with a maximum of 24 months. For the purpose of this paragraph (b), "income" shall mean base salary at its then current annual rate plus a vacation allowance equal to 8 1/2% of the current base salary with bonus calculated based on the average annual bonus (per Article 7 herein including, if applicable, annual bonuses paid by Senior Vice President's prior employer, Quaker Chemical Europe B.V., but excluding all amounts paid under any of Quaker's long-term incentive plan(s)) paid over the three years prior to the year in which the termination occurs.

In the event Quaker is acquired or otherwise falls under the majority control of a third party, a 24 month salary, bonus (calculated in the same manner as set forth above), and vacation allowance will be paid if the Senior Vice President elects to resign his position within 12 months of such change in control.

(c) If the employment is terminated for reasons other than described in Article 1(b) above, no settlement will be due.

Mr. Marcus C. J. Meijer
September 28, 1999
Page Three

2. The applicable position description is attached hereto as Addendum 2 and forms part of the terms of your employment agreement.

3. Quaker shall pay to you an annual rate of salary as set forth in Addendum 1 attached hereto, payable monthly, during the term of this employment agreement or any extension or renewal thereof. The rate of salary will be reviewed on an annual basis consistent with Quaker's then current practice for reviewing officers' salaries and performance, but, at a minimum, there will be an adjustment to be effective as of January 1 each year based on the inflation rate in The Netherlands for the preceding year and merit increases, if any, to be given as of March 1 of each year.

4. The character of the position of Senior Vice President implies that you will obtain detailed knowledge of Quaker technology and know-how. In view hereof, the Declaration of Secrecy and Non-Competition, which is attached hereto as Addendum 3, forms part of the terms of your employment agreement.

5. You will be entitled to a vacation allowance of 8.5% of your annual base salary (12 x monthly gross salary) which will be paid to you in April of each year.

6. In view of the representative character of your job, you will be

entitled to a representation allowance of Dfl. 600,-- per month net. This allowance should not be seen as salary but is meant as compensation for expenses resulting from entertainment of business relations at home, etc. In case there will be a change in the Dutch (tax) law, the new (tax) legislation will be applied.

7. You shall participate in such Quaker incentive programs as described and set forth in Addendum 1. As an Officer of Quaker, the particulars of Addendum 1 as it relates to incentive programs may be amended by the Board of Directors at any time as to any matter set forth therein, including eligibility to participate in any given Quaker incentive plan, the level of participation in any Quaker incentive plan, and the terms and conditions of any Quaker incentive plan. For the purposes of this Agreement, the term "Quaker Incentive Program" shall refer to each individual as well as the combined incentive programs approved by the Board of Directors. Revisions to Addendum 1 shall become effective upon notification in writing by Quaker.

Mr. Marcus C. J. Meijer
September 28, 1999
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8. You will be entitled to a company automobile for business and personal use with full maintenance and cost of fuel for both business and personal travel. In accordance with the subject Quaker Chemical Europe B.V.'s Car Policy, the car may cost a maximum of Dfl. 93,000.--, including VAT, which amount will be reviewed on a yearly basis.

9. You will be entitled to 100% reimbursement of your telephone expenses upon receipt of the PTT bill. If there should be a change in the Dutch (tax) law, the new (tax) legislation will be applied.

10. All pension rights resulting from your employment contract with Quaker Chemical Europe B.V. will be taken over by Quaker.

You will not participate in the Collective Pension Plan; instead, an individual Pension Plan prepared by W. Houg and approved by Quaker will be applicable. For this Pension Arrangement, a premium of 16.75% of the pensionable salary: 13 x monthly salary + vacation allowance (= 8.5% of 12 x monthly salary) will be paid by Quaker.

You will be eligible for early retirement consistent with Quaker Chemical B.V.'s policy.

11. You will participate in the (premium-free) Company Collective Health Insurance Scheme, the Business Travel Accident Insurance, the Travel Luggage Insurance, and the Supplementary Disability Insurance.

12. You are entitled to the "spouse travel arrangement" which serves to compensate the family inconvenience by frequent travel; you are allowed to be accompanied by your wife once per year on one approved business trip with a maximum of seven days paid by Quaker; the place is determined by the business trip, and the days are not in addition to the trip.

13. You will be entitled to a number of paid holidays in accordance with the Company Holiday Arrangement set forth in Article 6 of Addendum 1.

Mr. Marcus C. J. Meijer

14. With regard to Jubilee gifts, see Article 7 of Addendum 1 for details.

15. In case of relocation, you will be entitled to reimbursement in accordance with Article 8 of Addendum 1.

16. The above provisions reflect all employment conditions applicable to you as of July 1, 1999. Any other employment conditions which might have been agreed upon with you previously, either verbally or in writing, are no longer applicable as of July 1, 1999 other than the application of the General Terms of Employment (A.R.A.P. - Algemene Regeling Arbeidsvoorwaarden Personeel) and all amendments thereto which shall continue to apply to this employment contract as it did to the previous contract.

17. This contract is subject to the laws of The Netherlands.

If you agree with the contents of this letter of appointment, we expect you to return a signed copy of this letter and of its Addenda, each single page signed by you.

QUAKER CHEMICAL CORPORATION

Signed for agreement:

By: /s/ Joseph W. Bauer

/s/ Marcus C. J. Meijer

Joseph W. Bauer
President and Chief Operating Officer

Marcus C. J. Meijer

Date: 9/30/00

Date: September 30, 1999

ADDENDUM 1

to letter of appointment dated September 9, 1999
of Mr. M. C. J. Meijer

SUMMARY OF GENERAL TERMS OF EMPLOYMENT

1. Salary

Your annual base salary will amount to Dfl. 460,000 gross (subject to applicable withholding) as per July 1, 1999 which will be paid in 12 monthly installments of Dfl. 38,333.33 gross (subject to applicable withholding).

2. Incentive Program

You will be entitled to an annual incentive bonus package to be established at 0 up to a maximum of 55% of base annual salary (annual salary defined as monthly gross salary x 12). For the year 1999, you will receive the bonus that you would have been entitled to had you remained in the employ of Quaker Chemical Europe B.V.

The new bonus arrangement is effective beginning 1/2000. Bonus payment will be determined based on achieving global metalworking/CMS operating income and corporate profit before-tax targets to be set on an annual basis. The weighting will be 40% global metalworking/CMS operating income and 60% corporate

profit before tax.

For annual incentive bonus, we will implement the following transition process:

For the year 2,000, we will guarantee that you receive a minimum of 30% of your annual salary. (Annual salary defined as monthly salary x 12.)

For the year 2001, we will guarantee that you receive a minimum of 25% of your annual salary. (Annual salary defined as monthly salary x 12.)

For the year 2002, we will guarantee that you receive a minimum of 15% of your annual salary. (Annual salary defined as monthly salary x 12.)

Except for payments made that are the responsibility of Quaker pursuant to the express terms of the Employment Agreement (and this summary of the general

terms of employment), Senior Vice President shall be responsible for the payment of all withholding taxes, social security payments, and other applicable governmental taxes, charges, or payments.

3. Company Car

The Senior Vice President is eligible for a company automobile for business and personal use. The car for the Senior Vice President may cost Dfl. 93,000.--, including VAT to be reviewed on a yearly basis.

4. Old Age Pension

An individual Pension Plan prepared by W. Houg and approved by Quaker will be applicable for the Senior Vice President. For this pension arrangement a premium of 16.75% of the Pensionable salary: 13 x monthly salary + vacation allowance (= 8.5% of 12 x monthly gross salary) will be paid by Quaker.

Early Retirement. The Senior Vice President will continue to participate in Quaker Chemical B.V.'s early retirement arrangement (VUT) as the same may be amended from time to time with the premium to be paid by Quaker. Currently, it provides that the Senior Vice President may retire at the age of 62 1/2 years and will be paid 90% of his annual income (base salary + holiday allowance) during the first year and 80% during the following one and a half years.

Extra Payment on the Occasion of Retirement/Early Retirement. On the occasion of retirement at the age of 65 or entrance in the early retirement, the Senior Vice President will receive an extra payment of one month gross salary; possible taxes will be deducted.

5. Insurance and Additional Arrangements.

Individual Health Insurance. Quaker has effected a Individual Health Insurance with "Nationale Nederlanden." In principle, there is a 100% coverage. The package also includes a basic dentist insurance; the premium is fully paid by Quaker.

Business Travel Accident Insurance. The Business Travel Accident Insurance covers all employees in case of accident while traveling on company business. The principal sum of Accidental Death and Dismemberment Insurance is \$100,000.

Apart from this there is a "24 hour Collective Accident/Disability Insurance" that provides coverage for all employees equal to a maximum of three times the yearly income (basic salary plus holiday allowance and 10% bonus).

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Both policies contain certain exclusions.

Travel (Luggage) Insurance. Luggage of employees traveling abroad (world coverage) is insured to a maximum of Dfl. 5,000.-- per occasion split up into:

(a) Luggage: Dfl. 4,000.-- with a maximum of 25% = Dfl. 1,000.-- for high value items (camera, jewelry, etc.);

(b) Cash: Dfl. 1,000.--. Each individual has an own risk of Dfl. 100.-- per occasion. The premium is paid by Quaker.

Supplementary Disability Insurance. An additional Disability Insurance has been arranged since the Government Disability Insurance covers in case of a 100% disablement annual salaries up to a maximum of 70% of Dfl. 81,158.-- (for 1999) only. After 24 months of full disablement, the employee will receive a benefit of 80% of 12 x the monthly salary + holiday allowance + a 13th month. The premium is fully paid by Quaker. The policy may exclude certain "high risk" factors depending on medical (non) acceptance.

Income During Sickness and Permanent Disablement. Employees who comply with the regulation of the Sickness Benefits Act/Disablement Insurance Act will, in case of a total disablement to work because of sickness, receive an addition to 100% net income (including bonus and holiday allowance) during and in total for a maximum period of 24 months.

AOW/AnW/AWBZ

The premiums for the Dutch AOW, AnW, and AWBZ will be paid by Quaker (through salary withholding) on behalf of the Senior Vice President in the amount of 29.55% of a maximum of Dfl. 48,175 = Dfl. 14,235.72 (for 1999). Quaker will pay the "overhevelingstoelag" in the amount of Dfl. 1,830.

Natural Death. In case of natural death of an employee, heirs are paid an amount equal to three months' salary net.

WAO/WW

Quaker will pay the employer's part and employee's part of the WW and WAO premium directly to the respective institute (GAK). The employee part will be withheld from Senior Vice President's salary. Each year, at the Senior Vice President's request, Quaker will provide confirmation that social security and disability premiums and other government charges have been paid to the appropriate governmental authorities.

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Medical Examination. The Senior Vice President is entitled to a yearly medical examination.

Home Help Arrangement. In case of illness of the wife/life partner of an employee or in case of illness of a single employee with children, Quaker

will contribute 50% of the costs of a professional who will take over the normal care of the family under certain conditions.

6. Holidays.

Holiday Allowance. The Senior Vice President will be paid a holiday allowance of 8.5% of his gross annual base salary. The holiday allowance is paid out in April.

The basis number of holidays is 28. This number is increased, according to the age to be reached in the year concerned according to the following table:

35 years of age:	+ 1 day
40 years of age:	+ 2 days
45 years of age:	+ 3 days
50 years of age:	+ 4 days
55 years of age:	+ 5 days
60 years of age:	+ 6 days
61 years of age:	+ 8 days
62 years of age:	+ 10 days
63 years of age:	+ 12 days
64 years of age:	+ 14 days

7. Jubilee Gift.

Employees will receive a jubilee gift:

On the occasion of 10 years of service a net amount of Dfl. 1,000.--;
On the occasion of 25 years of service a net amount of Dfl. 2,500.--;
On the occasion of 30 years of service a net amount of Dfl. 1,000.--;
On the occasion of 35 years of service a net amount of Dfl. 1,000.--;
On the occasion of 40 years of service a net amount equal to one month's base salary net.

8. Relocation.

Relocation Expenses. If an employee moves to an area within 40 KM from the place where Quaker Chemical Europe is based, he/she will be reimbursed for the transportation of his/her household effects.

Redecoration Allowance. If an employee moves to an area within 40KM from the place where Quaker Chemical Europe is based, he/she will receive a redecoration allowance to the amount of 1 1/2 times the gross monthly salary net, up to a maximum amount of Dfl. 12,000.-- net (for 1999).

9. Tax Declaration Fee.

Quaker will reimburse Senior Vice President up to \$3,500 annually for any personal financial planning and tax preparation expenses incurred.

QUAKER CHEMICAL CORPORATION

Signed for agreement:

/s/ Joseph W. Bauer

/s/ Marcus C. J. Meijer

Joseph W. Bauer
President and Chief Operating Officer

Marcus C. J. Meijer

Date: 9-30-99

Date: September 30, 1999

ADDENDUM 2

JOB TITLE: GLOBAL INDUSTRY LEADER

JOB PURPOSE:

Directs the global development and implementation of strategies for all products and services within specific industry segment in order to achieve ultimate customer satisfaction and realize the financial (P & L) objectives in support of the business strategy. The incumbent establishes the financial objective for the industry brand, including budgeting of sales, marketing and development expenditures. Provides strategic direction for marketing, sales, licensing, acquisition, alliances, research, development, training and planning.

PRINCIPAL RESPONSIBILITIES/ACCOUNTABILITIES

1. Ensures the development and execution of the value proposition for all products within industry segment. Responsible for the development and implementation of the strategic plan and the execution of the corresponding tactical plan.
2. Coordinates pricing on a global basis for all products and services within industry segment. Ensures appropriate financial analysis has been completed in order to achieve industry and corporate financial objectives. Approves all exceptions to pre-determined pricing guidelines.
3. Ensures the development of global and regional advantaged product marketing plans that include the conception, planning, implementation and evaluation of tactical programs and activities supporting the strategic direction for a product.
4. Provides strategic direction in conjunction with appropriate corporate function for licensing, alliances, acquisitions, research and development projects.
5. Develops the relationships with the appropriate levels at strategic and key accounts whose support of the industry products are integral to the attainment of sales and profit objectives.
6. Provides financial analysis related to products within industry segment and develops appropriate benchmark that measures the effectiveness of the industry.
7. Responsible for the resource allocation (i.e. reviews

the selection, promotion, performance appraisals and development plans of people) supporting the specific industry.

8. Steers/directs the selection of new product development concepts that support the business strategy.

Revised July 6, 1998

ADDENDUM 3

To letter of appointment dated as of September 9, 1999
to Mr. M. C. J. Meijer
Declaration of Secrecy and Non-Competition

Secrecy

The Senior Vice President acknowledges that information concerning the method and conduct of Quaker's (and any affiliates') business, including, without limitation, strategic and marketing plans, budgets, corporate practices and procedures, financial statements, customer and supplier information, formulae, formulation information, application technology, manufacturing information, and laboratory test methods and all of Quaker's (and any affiliates') manuals, documents, notes, letters, records, and computer programs are Quaker's (and/or Quaker's affiliates, as the case may be) trade secrets ("Trade Secrets") and are the sole and exclusive property of Quaker (and/or Quaker's affiliates, as the case may be). Senior Vice President agrees that at no time during or following employment with Quaker will Senior Vice President use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets. Upon termination of Senior Vice President's employment with Quaker, or at any other time upon Quaker's request, Senior Vice President agrees to forthwith surrender to Quaker any and all materials in his possession. Trade Secrets do not include information that is in the public domain at no fault of the Senior Vice President.

Non-Competition

For a period of twelve (12) months after the termination of Senior Vice President's employment with Quaker, Senior Vice President agrees, regardless of the reason for the termination of employment hereunder, that he will not:

(a) directly or indirectly, together or separately or with any third party, whether as an individual proprietor, partner, stockholder, officer, director, joint venturer, investor, or in any other capacity whatsoever actively engage in business or assist anyone or any firm in business as a manufacturer, seller, or distributor of chemical specialty products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by employer (or any of its affiliates); and

(b) recruit or solicit any employee of Quaker or otherwise induce such employee to leave the employ of Quaker or to become an employee or otherwise associated with his or any firm, corporation, business, or other entity with which the Senior Vice President is or may become associated.

The undersigned Senior Vice President forfeits in favor of Quaker a penalty payable forthwith of Dfl. 100,000.-- for each day of infringement of the above-mentioned prohibition, without prejudice to the right of Quaker to claim actual damages in addition to such penalty. Quaker may at any time at its own initiative, or at the request of the undersigned Senior Vice President, wholly or partly waive the stipulation referred to in this article. As long as the undersigned Senior Vice President has not requested Quaker to waive the stipulation as referred to in this article, this stipulation shall be deemed between the parties not to harm the Senior Vice President unreasonably, nor to impede him in a significant way to be employed otherwise than by Quaker.

QUAKER CHEMICAL CORPORATION

Signed for agreement:

/s/ Joseph W. Bauer

/s/ Marcus C. J. Meijer

Joseph W. Bauer

Marcus C. J. Meijer

Date: 9-30-99

Date: September 30, 1999

QUAKER CHEMICAL CORPORATION
DEFERRED COMPENSATION PLAN

The purpose of the Quaker Chemical Corporation Deferred Compensation Plan (the "Plan") is to provide certain key management employees of Quaker Chemical Corporation, and its subsidiary companies (Quaker Chemical Corporation and such subsidiaries are collectively hereinafter referred to as the "Company") with the opportunity to defer a portion of the compensation otherwise payable to them as employees of the Company in accordance with the provisions of the Plan, as hereinafter set forth. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation for a select group of management or highly compensated employees within the meaning of section 201(2) of the Employee Retirement Income Security Act of 1974, as amended.

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ARTICLE 1
DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. Whenever used in this Plan:

(a) "Beneficiary" means any individual or entity designated by a Participant pursuant to Section 4.3 to receive death benefits described in Section 4.3 subsequent to the Participant's death.

(b) "Board" or "Board of Directors" or "Directors" means the Board of Directors or other governing body of Quaker Chemical Corporation, a Pennsylvania corporation.

(c) "Change in Control" means and shall be deemed to have occurred if: (i) any person (a "Person"), as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (other than (1) the Company and/or its wholly subsidiaries; (2) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (3) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock the Company; or (4) any other Person who is as of the date of this Agreement presently an executive officer of the Company or any group of Persons of which he/she voluntarily is a part) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities or such lesser percentage of voting power, but not less than 15%, as the Board of Directors shall determine; provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (i) by reason of the beneficial ownership of voting securities by members of the Benoliel family (as defined below) unless and until the beneficial ownership of

all members of the Benoliel family (including any other individuals or entities who or which, together with any member or members of the Benoliel family, are deemed under Sections 13(d) or 14(d) of the Exchange Act to constitute a single Person) exceeds 50% of the combined voting power of the Company's then outstanding securities; (ii) during any two-year period beginning on the date of this Agreement, Directors of the Company in office at the beginning of such period plus any new Director (other than a Director designated by a Person who has entered into an agreement with the Company to effect a transaction within the purview of subsections (i) or (iii) hereof) whose election by the Board of Directors of the Company or whose nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved shall cease for any reason to constitute at least a majority of the Board; or (iii) the Company's shareholders or the Company's Board of Directors shall approve (1) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the Company's voting common shares (the "Common Shares") would be converted into

- 2 -

cash, securities, and/or other property, other than a merger of the Company in which holders of Common shares immediately prior to the merger have the same proportionate ownership of Common Shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; (2) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets or earning power of the Company; or (3) the liquidation or dissolution of the Company.

As used in this Agreement, "members of the Benoliel Family" shall mean Peter A. Benoliel, his wife and children and their respective spouses and children, and all trusts created by or for the benefit of any of them.

(d) "Change in Control Event" shall mean the earlier of (i) a Change in Control or (ii) the execution and delivery by the Company of an agreement providing for a Change in Control.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and any successor statute of similar nature and purpose.

(f) "Company" means Quaker Chemical Corporation, a Pennsylvania corporation and such of its subsidiaries as designated by the Board, in its sole discretion, as participating employers of this Plan. For purposes of any forms or documents, including Compensation Deferral Election forms, that are prepared in connection with the implementation of this Plan, any reference to the Company or Quaker Chemical Corporation shall be deemed to include the reference to the subsidiaries that are designated by the Board as participating employers of this Plan.

(g) "Compensation" means the total amount earned or to be earned by the Participant during a Plan Year for services rendered to the Company as an Employee, including any amount earned as an incentive bonus through the annual bonus plan or the Long Term Incentive Plan, without reduction for (a) any amount of compensation which the Participant elects to contribute to any section 401(k) plan or section 125 Plan which the Company may sponsor, or (b) any amount to be deferred under this Plan.

(h) "Compensation Committee" or "Committee" means the Compensation/Management Development Committee of the Board of Directors of the Company.

(i) "Compensation Deferral" means the amount or amounts of a Participant's Compensation deferred under the provisions of Article 3.

(j) "Deferral Election" means the irrevocable written election a Participant makes to defer receipt of a portion of Compensation otherwise payable by the Company to the Participant for the Plan Year to which the Deferral Election relates.

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(k) "Deferral Period" means the time and manner in which a Participant's Deferred Compensation Benefit will be distributed.

(l) "Deferred Compensation Account" means, with respect to a Participant, the account, including any subaccount, established on the books of account of the Company, pursuant to Section 3.2, to record the Participant's interest in the Plan.

(m) "Deferred Compensation Benefit" means with respect to each Deferral Period the deferrals and any earnings thereon credited to the Participant's Deferred Compensation Account.

(n) "Disabled or Disability" means (1) if the Company then has in effect a disability plan covering managers generally, including the Participant, the definition of "total disability" set forth in such plan, or (2) if no such plan or coverage is in effect, a physical or mental disability which, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Participant or the Participant's legal representative.

(o) "Effective Date" means the effective date of the Plan, as amended and restated herein, which is July 1, 1997.

(p) "Eligible Employee" means the Chief Executive Officer of the Company, and any other key management employee as designated by the Chief Executive Officer. A list of eligible employees as of the Effective Date is listed in Appendix A. Once designated as an Eligible Employee, an individual shall remain an Eligible Employee while an Employee, regardless of any changes in the terms of his employment with the Company.

(q) "Employee" means any individual employed by the Company on a regular full-time salaried basis (determined in accordance with the personnel policies and practices of the Company) or who is an officer of the Company.

(r) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(s) "Notice of Deferral Agreement" means the written instrument submitted to the Plan Administrator by which an Eligible Employee elects to participate in the Plan and to defer Compensation to his Deferred Compensation Account.

(t) "Participant" means any Eligible Employee who makes a Compensation Deferral Election pursuant to Section 3.1.

(u) "Plan" means the Quaker Chemical Corporation Deferred Compensation Plan, as the same may be amended from time to time.

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(v) "Plan Administrator" means the Chief Executive Officer of the Company, or such person or sub-committee as the Chief Executive Officer may appoint. Day-today administration shall be the responsibility of the Company's Vice President, Human Resources, except as the Chief Executive Officer may otherwise direct. Decisions under the Plan relating directly to the Chief Executive Officer shall be made by the Compensation Committee.

(w) "Plan Year" means the 12 month period beginning on each January 1 and ending on the following December 31.

(x) "Separation from Service" means, for any Participant, his termination of employment, due to reasons other than death, including Disability or any absence that causes him to cease to be an Employee of the Company.

(y) "Service" means the service as an Employee of the Company or as an Officer of the Company.

(z) "Vesting or Vested" means the Participant's ownership rights to the amounts accrued, including earnings, in the Participant's Deferred Compensation Account.

Section 1.2 Gender and Number. The masculine pronoun shall include the feminine; the singular shall include the plural; and vice versa.

ARTICLE 2 PARTICIPATION

Section 2.1 Eligibility to Participate. All Eligible Employees as of the Effective Date may participate in the Plan.

Section 2.2 Annual Election to Participate. Annually, all Eligible Employees will be offered the opportunity to participate in the Plan by making a Deferral Election. Any Eligible Employee shall become a Participant, effective as of the first day of a Plan Year, by filing a completed and fully executed written Deferral Election, in accordance with Section 3.1, with the Plan Administrator.

Section 2.3 New Eligible Employees. Employees who first become Eligible Employees after the Effective Date or the beginning of a Plan Year may enroll in the Plan for that Plan Year by filing a completed and fully executed Deferral Election, in accordance with Section 3.1, with the Plan Administrator as of the first day of the month next following the date on which such individual becomes an Eligible Employee.

Section 2.4 Termination of Participation. Once an Eligible Employee becomes a Participant, the Eligible Employee shall remain a Participant until Separation from

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Service and thereafter until all benefits to which the Participant or the Participant's Beneficiary is entitled under the Plan have been paid.

ARTICLE 3 BENEFITS

Section 3.1 Participant Compensation Deferral.

(a) With respect to each Plan Year, each Eligible Employee may irrevocably elect in writing to defer receipt of a portion of his Compensation for the Plan Year, subject to such rules and procedures as the

Plan Administrator deems appropriate. Each Participant desiring to defer Compensation under the Plan for any Plan Year shall file a written Deferral Election with the Plan Administrator on the form prescribed by the Plan Administrator for that purpose. For a deferral of base pay for a Plan Year, the Participant's Deferral Election must be received by the Company on or before December 31 of the year preceding the Plan Year to which the Deferral Election relates. For a deferral of annual bonus, the Participant's deferral election must be received by the Company by August 1 of the year preceding the year of payment. For a deferral of bonus under the Company's Long Term Incentive Plan, the Participant's deferral election must be received by the Company not less than 15 months prior to the anticipated payment date, provided, however, that a deferral election filed in 1998 shall be effective with respect to any such bonus otherwise payable in 1999. An individual who first becomes an Eligible Employee after the Effective Date may make a Deferral Election as of the first day of the month next following the date on which such individual becomes an Eligible Employee, subject to such rules as the Plan Administrator deems appropriate.

(b) The minimum and maximum amount of Compensation which can be deferred by a Participant who makes a Deferral Election with respect to any Plan Year shall be determined by the Plan Administrator. A Participant may make a Deferral Election for an amount less than the maximum amount, including a determination by the Participant not to make a Deferral Election with respect to a Plan Year. There is no requirement that the amount which a Participant may elect to defer for any Plan Year be the same as the amount which such Participant elected to defer for any prior Plan Year, provided further, that a Participant may commit to a minimum amount of deferrals for a multi-year period.

(c) For deferrals of base pay, the amount of Compensation which a Participant elects to defer for any Plan Year shall be charged in equal installments against the Participant's regularly scheduled salary payments for the year (or, in the initial year of eligibility, the balance of the year) and shall be credited to the Participant's Deferred Compensation Account in accordance with such rules as may be prescribed by the Plan Administrator.

Section 3.2 Deferred Compensation Accounts

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(a) The Company shall establish and maintain on its books a separate Deferred Compensation Account for each Participant. A Participant's Deferred Compensation Account may include sub-accounts with respect to each Deferral Period. A Participant's Deferred Compensation Account shall be utilized solely for the measurement and determination of the benefit amounts to be paid to the Participant pursuant to the Plan. No funds shall be segregated in the Deferred Compensation Accounts, nor shall the Deferred Compensation Accounts constitute or be deemed to constitute an escrow or trust fund of any kind. The Deferred Compensation Accounts maintained pursuant to the Plan are for bookkeeping purposes only and the Company is under no obligation to invest such amounts.

(b) Each Participant's Deferred Compensation Account shall be credited with the sum of (i) the aggregate amount of Compensation which the Participant has deferred pursuant to the Participant's Deferral Election, plus (ii) an earnings factor with respect to the amounts described in clause (i) of this Section 3.2(b), computed as set forth in Sections 3.2(c). If the Company has elected, in its sole discretion, to purchase an insurance policy on the life of the Participant in connection with the Plan, the Participant's Account shall in any case be measured by the amount of Compensation deferred by the Participant.

(c) For purposes of measuring earnings of the Deferred

Compensation Account, a Participant may select from various investment media selected by the Company. The Participant shall make the selection of such investment media in a manner approved by the Company which shall remain effective until a change in direction has been made by the Participant as herein provided.

(d) The Plan Administrator shall prescribe such rules or procedures as may be necessary or appropriate in determining the earnings factor to be credited.

(e) At least each calendar quarter, the Plan Administrator shall provide each Participant with a statement setting forth the Participant's Deferred Compensation Account balance.

Section 3.3 Vesting. A Participant shall at all times be 100% vested in the Participant's Deferred Compensation Account.

ARTICLE 4 DISTRIBUTIONS TO PARTICIPANTS

Section 4.1 Election of Distribution Option.

(a) In each Deferral Election filed with the Plan Administrator for a Plan Year, an Eligible Employee shall elect the Deferral Period, setting forth the time and manner in which the Deferred Compensation Benefit credited to the Participant's Deferred Compensation Account for that Plan Year will be distributed.

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(b) A Participant's Deferred Compensation Benefit for any Deferral Period shall be distributed by the Company either in a (i) a lump sum; (ii) in equal consecutive annual installments of one to twenty years commencing on the date set forth in Section 4.2(b), as the Participant shall have elected on the Participant's Deferral Election for that Deferral Period; or (iii) in such other manner as is elected by the Participant and approved by the Plan Administrator. If paid in installments, each such installment (other than the initial payment) shall be adjusted by earnings (as determined under Section 3.2(c)), from the date on which the prior installment was paid.

(c) In any Plan Year prior to the Plan year in which a Participant's Deferred Compensation Benefit is scheduled to be distributed pursuant to a Participant's Deferral Election, and at least twelve (12) months prior to the date such benefits are scheduled to begin distribution, a Participant may make a election to postpone (but not accelerate) the commencement of a previously elected distribution date, or change the manner of distribution, if the Participant notifies the Plan Administrator in writing and during the Participant's employment by the Company, provided, however, that the newly elected distribution date commence no earlier than two years from the date of the Participant's election under this section 4.1(c).

Section 4.2 Distribution.

(a) The Deferred Compensation Benefit of a Participant which is payable as of the end of any Deferral Period shall equal the amount credited to the Participant's Deferred Compensation Account with respect to that Deferral Period, adjusted as set forth in Section 4.1(b) hereof.

(b) Payment of a Participant's Deferred Compensation Benefit shall commence on the first day of the calendar month next following thirty (30) days after the end of the Deferral Period to which the benefit relates.

Section 4.3 Distribution Upon Death of Participant. If a Participant dies prior to the commencement of the payment of the Participant's Deferred

Compensation Benefit, or before the Participant has received his entire Deferred Compensation Benefit, the unpaid Deferred Compensation Benefit shall be paid in a lump sum as soon as practicable to the Beneficiary designated by the Participant to the Company or, if the Participant failed to designate a Beneficiary, then to the beneficiary designated by the Participant under the Company's Group Life Insurance Plan or, if none, then to Participant's spouse or, if the Participant had no surviving spouse, to the Participant's estate. If the Company has elected, in its sole discretion, to purchase an insurance policy on the life of the Participant in connection with the Plan, the death benefit shall be increased in an amount communicated in writing to the Participant by the Plan Administrator when the insurance policy is purchased, and such incremental death benefit shall be payable in a lump sum.

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Section 4.4 Distributions on Account of Financial Hardship. The Plan Administrator may, in its discretion, direct that a Participant be paid an amount in cash (not in excess of the balance of his or her Account) sufficient to meet a financial hardship, without penalty or forfeiture. Financial hardship is a severe financial hardship to the Participant arising from:

(i) a sudden and unexpected illness or accident of the Participant, his spouse, or a dependent (within the meaning of Code section 152(a)); or

(ii) loss of a Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant

(a) Notwithstanding subsection (b), a financial hardship shall not be considered to exist if the financial hardship can be relieved:

(i) through reimbursement by insurance or otherwise,

(ii) by liquidating the Participant's assets, to the extent that the liquidation of such assets would not itself cause a severe financial hardship, or

(iii) by ceasing or reducing deferral amounts under this Plan.

(b) If the Plan Administrator determines that a financial hardship exists, the maximum amount which may be distributed from such Account shall be an amount which would alleviate the financial hardship caused by the financial hardship (plus federal, state and local income taxes payable by reason of such distribution).

Section 4.5 Distribution Upon a Change in Control. Notwithstanding anything to the contrary under the Plan, unless the Board directs otherwise in writing prior to the occurrence of a Change in Control Event, or the Participant makes a contrary election in accordance with guidelines adopted by the Board, on the first business day in January following the calendar year of the occurrence of a Change in Control, the amount credited to each Participant's Deferred Compensation Account shall immediately become distributable in cash in a single sum.

Section 4.6 Accelerated Distribution.

(a) Upon the Participant's written election, the Participant may elect to withdraw all or a portion of the Participant's Deferred Compensation Account at any time prior to the time such Deferred Compensation Account otherwise becomes payable under the Plan, provided the conditions specified in Section

4.6(c), (d), and (e) are satisfied.

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(b) Upon the Participant's written election, a Participant who is receiving installment payments under the Plan may elect to have all or a percentage of the remaining installments distributed in the form of an immediately payable lump sum, provided the condition specified in Section 4.6(c) is satisfied.

(c) In the event of a withdrawal pursuant to Section 4.6(a), or an accelerated distribution pursuant to Section 4.6(b), the Participant shall forfeit from his Deferred Compensation Account an amount equal to 10% of the amount of the withdrawal or accelerated distribution, as the case may be. The forfeited amount shall be deducted from the Deferred Compensation Account prior to giving effect to the requested withdrawal or acceleration. The Participant shall not have any right or claim to the forfeited amount, and the Company shall have no obligation whatsoever to the Participant, the Participant's Beneficiary or any other person with regard to the forfeited amount.

(d) In no event shall the amount withdrawn in accordance with Section 4.6(a) be less than 25% of the amount credited to the Participant's Deferred Compensation Account immediately prior to the withdrawal.

(e) In the event of a withdrawal pursuant to Section 4.6(a), a Participant who is otherwise eligible to make deferrals under the Plan shall be prohibited from making any deferrals with respect to the Plan Year immediately following the Plan Year during which the withdrawal was made, and any election previously made by the Participant with respect to deferrals for the Plan Year of the withdrawal shall be void and of no effect with respect to subsequent deferrals for such Plan Year.

ARTICLE 5 FUNDING

The Plan is intended to constitute an "unfunded" plan of deferred compensation for Participants. Benefits payable hereunder shall be payable out of the general assets of the Company and no segregation of any assets whatsoever for such benefits shall be made. The obligation of the Company hereunder shall constitute a general, unsecured obligation, payable solely out of general assets, and no Participant or Beneficiary shall have any right to any specific assets of the Company.

ARTICLE 6 AMENDMENTS AND TERMINATION

Section 6.1 Authority to Amend. The Committee may amend or modify this Plan in any manner whatsoever at any time or from time-to-time. Notwithstanding the foregoing, no amendment or modification of the Plan shall operate to decrease the benefit amount accrued on behalf of a Participant on the effective date of the amendment or modification without the written consent of the Participant.

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Section 6.2 Right to Terminate. The Company reserves the right to terminate this Plan at any time by action of its Board of Directors; provided, however, that termination of the Plan shall not operate to decrease the Account of a Participant under the Plan. Notwithstanding the foregoing, if the Plan is terminated, the Company shall commence the payment of all unpaid

Deferred Compensation Accounts within ninety (90) days after the date on which the Plan is terminated and, in the sole discretion of the Board of Directors, said Deferred Compensation Accounts may be paid in a lump sum.

ARTICLE 7
ADMINISTRATION

Section 7.1 Administration. The Administrator of this Plan shall be the Chief Executive Officer of the Company or such person or sub-committee as the Chief Executive Officer may appoint. The Chief Executive Officer or his designee shall have authority to adopt rules and regulations for carrying out the Plan and to interpret, construe and implement the provisions hereof. Any decision or interpretation of any provision of the Plan adopted by the Chief Executive Officer or his designee shall be final and conclusive. Neither the Chief Executive Officer, nor any Participant who is also a member of any sub-committee appointed by the Chief Executive Officer to administer the Plan, shall participate in any decision involving any request made by him or relating in any way solely to his rights, duties and obligations as a Participant under the Plan, which shall be resolved by the remaining members of the sub-committee, or, in the case of the Chief Executive Officer, by the Compensation Committee.

Section 7.2 Claims Procedure.

(a) The Company will advise each Participant and Beneficiary of any benefits to which he is entitled under the Plan. If any person believes that the Company failed to advise him of any benefit to which he is entitled, he may file a written claim with the Plan Administrator. The claim shall be reviewed, and a response provided, within a reasonable time after receiving the claim. Any claimant who is denied a claim for benefits shall be provided with written notice setting forth:

- (i) the specific reasons or reasons for the denial;
- (ii) specific reference to pertinent Plan provisions on which denial is based;
- (iii) a description of any additional material or information necessary for the claimant to perfect the claim; and
- (iv) an explanation of the claim review procedure set forth in paragraph (b), below.

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(b) Within 60 days of receipt by a claimant of a notice denying a claim under the Plan under paragraph (a), the claimant or his duly authorized representative may request in writing a full and fair review of the claim by the Plan Administrator. The Plan Administrator may extend the 60-day period where the nature of the benefit involved or other attendant circumstances make such extension appropriate. In connection with such review, the claimant or his duly authorized representative may review pertinent documents and may submit issues and comments in writing. The Plan Administrator shall make a decision promptly, and not later than 60 days after the Plan Administrator's receipt of a request for review, unless special circumstances (such as the need to hold a hearing, if the Plan Administrator deems one necessary) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of a request for review. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE 8

MISCELLANEOUS

Section 8.1 No Compensation for Other Benefits. The amount of Compensation which a Participant elects to defer under the Plan shall not be deemed to be compensation for the purpose of calculating the amount of the Participant's benefits or contributions under a pension plan or other retirement plan qualified under Section 401 (a) of the Code, but unless otherwise prohibited by law, such amount shall be taken into account for purposes of determining the amount of life insurance or disability insurance benefits payable under any life or disability insurance plan established or maintained by the Company, or the amount of any other benefit payments payable under any other plan established or maintained by the Company, except as otherwise specifically provided in such plan.

Section 8.2 Limitation of Participant's Right. Nothing in this Plan shall be construed as conferring upon any Participant the right to be retained in the Company's service or employ or the right to receive any benefits not specifically provided by the Plan. A Participant shall not have any interest in the Compensation deferred or interest or earnings credited to his Deferred Compensation Account until such account is distributed in accordance with the Plan. All Compensation or other amounts held for the account of a Participant under the Plan shall remain the sole property of the Company, subject to the claims of its general creditors and available for its use for whatever purposes are desired. With respect to amounts deferred or otherwise held for the account of a Participant, the Participant is merely a general creditor of the Company, the obligation of the Company hereunder is purely contractual and shall not be funded or secured in any way, and the Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future.

Section 8.3 No Right to Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company and the

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Participant, and the Participant (and his Beneficiary) shall have no rights against the Company except as may otherwise be specifically provided herein. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service or employ of the Company or to interfere with the right of the Company to discharge a Participant from employment at any time.

Section 8.4 Nonalienation. The rights of a Participant to the payment of Deferred Compensation as provided in the Plan shall not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation. No Participant may borrow against his Deferred Compensation Account. No Deferred Compensation Account shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary, including but not limited to any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of any Participant, except as otherwise required by law.

Section 8.5 Governing Law. Except to the extent superseded by federal law, the laws of the Commonwealth of Pennsylvania shall be controlling in all matters relating to the Plan, including construction and performance hereof.

Section 8.6 Withholding. To the extent required by law in effect at the time Deferred Compensation Benefit payments are to be made, the Company shall withhold from any benefits paid under this Plan all taxes or other amounts required to be withheld from such payments by any government or taxing

authority. The Company shall also withhold all amounts required to be withheld currently from the Compensation which a Participant elects to defer hereunder.

Section 8.7 Captions and Headings. The captions and headings of this Plan are for convenience of reference only and shall not control or affect the meaning or construction of any of its provisions.

Section 8.8 Payments to Representatives. Any amounts payable hereunder to any Participant or Beneficiary who is under a legal disability or who, in the judgment of the Board, is unable to properly manage his financial affairs, may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner which the Board of Directors may select, and any such payment shall be deemed to be payment for such person's account and shall be deemed a complete discharge of all liability of the Company with respect to the amount so paid.

Section 8.9 Administration Expenses. All expenses of administering the Plan shall be borne by the Company, and no part thereof shall be charged against any Participant's Deferred Compensation Account or any amounts distributable hereunder.

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Section 8.10 Severability. If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

Section 8.11 Disclaimer of Liability. No member of the Board of Directors of the Company and no officer, employee, or agent of the Company, shall have any liability to any Participant, Beneficiary, or other person, firm, or corporation based on or arising out of the Plan, except in the case of gross negligence or fraud.

Section 8.12 Lost Payees. Any benefit payable under the Plan shall be deemed forfeited if the Plan Administrator is unable to locate the Participant or Beneficiary to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the Participant or Beneficiary for the forfeited benefit.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed in its name and behalf this 17th day of December , 1999.

QUAKER CHEMICAL CORPORATION

By: /s/ Ronald J. Naples

Ronald J. Naples

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APPENDIX A
Eligible Employees

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QUAKER CHEMICAL CORPORATION
SUPPLEMENTAL RETIREMENT INCOME PROGRAM

As Adopted by the Compensation/Management Development Committee
on November 6, 1984
as amended November 8, 1989

Purpose

The purpose of the Supplemental Retirement Income Program (the "Program") is to provide Officers of Quaker Chemical Corporation (the "Company") an improved retirement program which will enhance the Company's ability to attract and retain committed senior executives, as well as to reflect their achievements and valued contributions to the Company.

Administration

The Program shall be a non-qualified plan of deferred compensation for federal income tax purposes, administered by the Chief Financial Officer, subject to the supervision of the Compensation/Management Development Committee of the Board of Directors (the "Committee"). As the Program contemplates payment of benefits on a post-retirement basis, the Company will establish on the Company's books and records an appropriate account for each potentially eligible Officer, commencing with the month in which such Officer reaches the age of 55.

At the time a potentially eligible Officer reaches the age of 55, a copy of the Program will be supplied to such Officer, as an attachment to a formal letter agreement between the Company and the Officer (the "Agreement"), formally committing the Company to provide the Officer with the supplemental benefits of the Program as described herein, upon achievement of his or her normal retirement age of 65 while in the employment of the Company or of one of the Company's affiliated companies ("Affiliates"). For this purpose, any corporation in which 40% or more of the voting power is held, directly or indirectly, by the Company, shall be deemed an Affiliate. The Agreement may contain such other provisions as the Company's Board of Directors may consider necessary or appropriate to protect the reasonable business interests of the Company. In the case of an Officer who continues to be employed by the Company or any of its Affiliates after reaching age 65, the benefits payable under this Program shall be deferred

until the date of actual retirement and, in such a case, shall be based upon the factors in effect and otherwise computed as if retirement occurred at age 65 rather than the actual date of retirement. In the case of an Officer who elects early retirement before achieving the age of 65, the benefits payable shall be based on factors projected to be in effect at the date of the Officer's 65th birthday.

The Board may, at any time, at its sole discretion, delete or change any provision of the Program. Further, the Board may, in its sole discretion, increase the benefit payable hereunder to any participant where the Board determines that it is appropriate so to do in order to carry out the purpose of the Program. Notwithstanding the foregoing, no change or deletion in the Program shall operate to diminish the potential benefits payable under the Program to any eligible Officer.

Eligibility

Officers of the Company elected to his or her office by the Board of Directors are eligible to participate in the Program upon the achievement of the Officer's 55th birthday. Officers elected after achieving the age of 55 shall

become eligible immediately upon election.

Basic Plan Concept

The benefits payable under the Program are based on a formula which will provide the maximum supplemental benefit to Officers who have been employed by the Company (including any of the Company's Affiliates) for 30 or more years. For Officers whose employment is less than 30 years, the maximum supplemental benefit will be reduced by 2% for each full and fractional year less than 30 years of employment by the Company.

Definitions

Salary. "Salary" means the actual or projected annual base salary on the date of the Officer's 65th birthday.

Bonus. "Bonus" means the average of the three largest bonuses earned (not received) by the Officer concerned during his or her last five full consecutive calendar years of employment. Contributions made to the Company's Profit Sharing Plan (or any other plan of deferred compensation sponsored by the Company) shall not be included within the definition of this term.

Benefit Calculation

The following factors will be taken into account in calculating the benefits payable to any given Officer under the Program --

First Calculation

Salary	plus	Bonus,
	less	Actual Social Security taxes paid on Salary and Bonus,
	less	Pennsylvania income tax on Salary and Bonus at the rate in effect on the date of retirement,
	less	Federal income tax on Salary and Bonus, calculated in accordance with Internal Revenue Schedules for a joint return with no dependents,
	less	Pennsylvania local taxes on Salary and Bonus, where applicable.

Computation of the above will generate the "Net Pre-Retirement Income" of the Officer.

Second Calculation

Projected benefits payable from the Company's qualified Pension Plan, based on the "Life

Only" option at age 65,	plus	Projected Social Security benefit at age 65, assuming that the Officer is married and that both the Officer and spouse are the same age,
	less	Projected Pennsylvania income taxes on projected Pension and Social Security benefits at the actual rate,
	less	Projected federal income taxes on projected Pension and Social Security benefits based

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on IRS schedules, for a joint return with no dependents,

less	Pennsylvania local taxes on projected Pension and Social Security benefits where applicable.
------	--

Computation of the above will generate the "Net After-Retirement Income."

Third Calculation

The maximum benefit payable will be equal to the amount (if any) by which the Net After-Retirement Income is less than 80% of the Net Pre-Retirement Income. As indicated above, the maximum benefit is payable to Officers who have completed 30 years of employment service, commencing with the first day of employment. In the case of Officers who have completed less than 30 years of employment, the benefit payable shall be reduced by 2% for each full and fractional year of employment less than 30.

Payments and Term

Benefits payable to retired Officers under the Program shall be made in equal monthly installments and shall be made for the life of the Officer only.

FINANCIAL REVIEW

1999 Annual Report

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Net cash flow provided by operating activities amounted to \$14.2 million in 1999 compared to \$12.6 million in 1998. The increase principally resulted from increases in net income offset by an increase in accounts receivable.

Net cash used in investing activities decreased to \$6.4 million in 1999 from \$16.8 million in 1998, primarily due to a \$2.4 million decrease in expenditures for property, plant, and equipment in 1999 versus 1998 and the \$9.4 million purchase price for companies acquired in 1998.

The majority of the expenditures for property, plant, and equipment in 1999 included upgrades of manufacturing capabilities at various locations with \$1.7 million for environmental and regulatory compliance. Capital expenditures for 2000 are expected to be approximately \$8.0 million and include various upgrades to manufacturing capabilities in the U.S. and Europe and an estimated \$1.5 million for environmental and regulatory compliance. The Company believes that funds generated internally should be sufficient to finance payments for capital expenditures.

The Company has available \$10.0 million in a line of credit and believes that additional bank borrowings could be negotiated at competitive rates, based on its debt to equity ratio and current levels of operating performance. The Company believes that it is capable of supporting its operating requirements during 2000, payment of dividends to shareholders, possible acquisition opportunities, and possible resolution of contingencies (see Note 13 of Notes to Consolidated Financial Statements) through internally generated funds supplemented with debt as needed.

Operations

Comparison of 1999 with 1998

Consolidated net sales for 1999 increased \$1.4 million over 1998 results, primarily due to increased metalworking process chemicals revenues in Brazil and Asia/Pacific, offset by reductions in the European region due to foreign currency translation and lower coatings segment revenues. Declines in the coatings segment were related to lower aircraft production.

Operating income increased to \$27.0 million from \$22.5 million (excluding the impacts of the repositioning and integration charge adjustments). The improvement was primarily due to lower raw material costs, lower global manufacturing costs, and a more favorable sales mix due to increased sales of advantaged products.

In 1998, the Company initiated a repositioning and integration plan to better align its organizational structure with market demands, to improve operational performance, and to reduce costs. In the fourth quarter of 1998, the Company took a pre-tax charge of \$5.3 million in connection with this program. At the end of 1999, the Company had substantially implemented these initiatives and reversed approximately \$314,000 of the original charge. This is reported as a separate line item in the Consolidated Statement of Operations (see Note 2 of Notes to Consolidated Financial Statements).

Selling, general, and administrative costs in 1999 were flat compared with 1998, reflecting realized cost savings from the repositioning and integration program, offset primarily by increased costs in Brazil related to the midyear 1998 acquisition, as well as other business initiatives and projects such as Year 2000 projects.

The increase in other income of \$0.7 million represents increased license revenue and lower foreign exchange losses in Europe this year versus prior year. Increased interest expense of \$0.3 million over the prior year was related to higher short-term borrowings in the early part of 1999. Minority interest was \$1.2 million higher in 1999 compared with the prior year due to higher net income earned in the Brazilian joint venture.

The Company's effective tax rate of 40% is consistent with prior years. The Company expects the effective rate for 2000 to be lower as a result of several global tax planning initiatives.

During 2000, the Company will perform a comprehensive review of the strategic position of certain individual business units and related assets, which may result in the consolidation or sale of certain assets. In conjunction with this study, the Company will assess the carrying value of certain tangible assets and goodwill, with a possible outcome being a write-down of selected assets. The Company is currently in the initial stage of this assessment.

Comparison of 1998 with 1997

Consolidated net sales for 1998 increased \$15.6 million (6%) over 1997. The sales growth was the net result of (i) a 4% increase in volume, (ii) a 1% improvement in price/mix, and (iii) a 2% increase associated with the 1998 acquisition in Brazil, offset by a 1% negative impact from foreign currency translation (fluctuation in foreign currency exchange rates used to translate local currency statements to U.S. dollars). The volume improvement for the year was mainly attributable to metalworking process chemicals sales growth in the U.S., Asia/Pacific and South America, mainly due to the strong demand from the steel industry and the midyear acquisition in Brazil, and increased coatings sales to aircraft producers. Sales in Europe decreased slightly versus the prior year due to the negative impact of changes in foreign currency exchange rates.

Operating income (excluding the 1998 repositioning and integration charge) increased to \$22.5 million from \$18.5 million (excluding the gain on the sale of the European pulp and paper business in 1997). The improvement was due in large

part to the higher level of sales combined with an increased gross margin percentage. The Company's gross margin percentage improved 0.9%, when compared to 1997, mainly due to lower raw material costs, a more favorable sales mix, and the continued focus on reducing costs throughout the organization. Selling, general, and administrative expenses as a percentage of sales were slightly below last year's level.

Other income decreased mainly due to the absence of favorable transactional exchange gains which occurred in 1997. The Company's issuance of \$20.0 million of long-term debt in the fourth quarter of 1997 resulted in higher interest expense during 1998. Equity in net income of associated companies decreased primarily as a result of lower earnings from associated companies in South America. The negative impact of currency translation on net income in 1998 was approximately \$0.05 per share.

General

The Company is involved in environmental clean-up activities and litigation in connection with an existing plant location and former waste disposal sites (see Note 13 of Notes to Consolidated Financial Statements). This involvement has not historically had, nor is it expected to have, a material effect on the Company's results of operations or financial condition.

The Company does not use financial instruments which expose it to significant risk involving foreign currency transactions; however, the size of non-U.S. activities has a significant impact on reported operating results and the attendant net assets. During the past three years, sales by non-U.S. subsidiaries accounted for approximately 54% to 57% of the consolidated sales (see Note 11 of Notes to Consolidated Financial Statements).

The Company's Year 2000 program of systems replacements and updates were completed in 1998 and 1999, and included the appropriate level of testing to ensure Year 2000 compliance. As a result of this effort, the Company experienced a smooth transition to the Year 2000 and continued to operate its business and serve its customers with no adverse Year 2000 impact.

Repositioning and Integration Charges

In the fourth quarter of 1998, the Company announced and implemented a repositioning and integration plan to better align its organizational structure with market demands, improve operational performance, and reduce costs. The Company recorded a pre-tax charge of \$5.3 million (\$2.9 million after-tax and minority interest, or \$0.33 per share) in connection therewith. The repositioning and integration charge included workforce reductions (approximately 70 employees) in the Company's U.S., South American and European operations and integration costs associated with the closure of a leased facility as a result of the Company's recent acquisition in Brazil (see Note 2 of Notes to Consolidated Financial Statements).

The components of the 1998 pre-tax repositioning and integration charge included severance and other benefit costs of \$4.0 million and early pension and postemployment benefits of \$1.3 million. At the end of 1999, the Company had substantially implemented these initiatives and reversed approximately \$314,000 of the original charge. The remaining repositioning and integration liability at December 31, 1999 of \$572,000 will be paid out in 2000 (see Note 2 of Notes to Consolidated Financial Statements). The liabilities for early pension and postemployment benefits are included in the Company's pension and postretirement benefits obligations (see Note 7 of Notes to Consolidated Financial Statements).

Euro

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency -- the euro. The euro trades on currency exchanges and is used in business transactions. Beginning in January 2002, new euro-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. The Company's operating subsidiaries affected by the

euro conversion have established plans to address the systems and business issues raised by the euro currency conversion. The Company anticipates that the euro conversion will not have a material adverse impact on its financial condition or results of operations.

Forward-Looking and Cautionary Statements

Except for historical information and discussions, statements contained in this Annual Report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those projected in such statements.

Such risks and uncertainties include, but are not limited to, significant increase in raw material costs, worldwide economic and political conditions, and foreign currency fluctuations that may affect worldwide results of operations. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, appliance or durable goods manufacturers.

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CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands except per share amounts)	Year Ended December 31,		
	1999	1998	1997
Net sales	\$258,461	\$257,100	\$241,534
Costs and expenses:			
Cost of goods sold	141,585	144,954	137,320
Selling, general, and administrative expenses	89,909	89,615	85,687
Repositioning and integration charges	(314)	5,261	
Gain on sale of business			(2,621)
	231,180	239,830	220,386
Operating income	27,281	17,270	21,148
Other income, net	1,862	1,116	1,805
Interest expense	(2,486)	(2,151)	(1,547)
Interest income	494	562	329
Litigation charge			(2,000)
Income before taxes	27,151	16,797	19,735
Taxes on income	10,860	6,719	7,893
	16,291	10,078	11,842
Equity in net income of associated companies	957	961	1,161
Minority interest in net income of subsidiaries	(1,597)	(389)	(392)
Net income	\$ 15,651	\$ 10,650	\$ 12,611
Per share data:			
Net income-basic	\$1.76	\$1.21	\$1.45
Net income-diluted	1.74	1.20	1.45
Dividends77	.74	.71

See notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEET

	December 31,	
(Dollars in thousands except per share amounts)	1999	1998
Assets		
Current assets		
Cash and cash equivalents	\$ 8,677	\$ 10,213
Accounts receivable	55,132	52,448
Inventories	23,357	24,517
Deferred income taxes	4,843	4,828
Prepaid expenses and other current assets	4,232	4,062
	-----	-----
Total current assets	96,241	96,068
Property, plant, and equipment, net	44,752	49,622
Intangible assets	15,994	21,366
Investments in associated companies	5,773	5,280
Deferred income taxes	9,688	10,794
Other assets	9,765	8,273
	-----	-----
Total assets	\$ 182,213	\$ 191,403
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 431	\$ 1,420
Accounts payable	22,350	26,135
Dividends payable	1,742	1,690
Accrued compensation	8,749	9,967
Other current liabilities	11,385	11,220
	-----	-----
Total current liabilities	44,657	50,432
Long-term debt	25,122	25,344
Deferred income taxes	3,949	3,896
Accrued postretirement benefits	9,798	9,866
Other liabilities	9,370	9,799
	-----	-----
Total liabilities	92,896	99,337
Minority interest in equity of subsidiaries	8,118	8,331
	-----	-----
Commitments and contingencies		
Shareholders' equity		
Common stock, \$1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares ...	9,664	9,664
Capital in excess of par value	832	910
Retained earnings	93,655	84,873
Accumulated other comprehensive (loss) income	(11,378)	582
	-----	-----
Treasury stock, shares held at cost; 1999-729,986, 1998-770,059	92,773	96,029
	-----	-----
Total shareholders' equity	81,199	83,735
	-----	-----
Total liabilities and shareholders' equity ...	\$ 182,213	\$ 191,403
	=====	=====

See notes to consolidated financial statements.

(Dollars in thousands)	Year Ended December 31,		
	1999	1998	1997
Cash flows from operating activities			
Net income	\$ 15,651	\$ 10,650	\$ 12,611
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5,682	5,290	5,154
Amortization	1,274	1,821	2,110
Equity in net income of associated companies	(957)	(961)	(1,161)
Minority interest in earnings of subsidiaries	1,597	389	392
Deferred income taxes	1,031	(145)	541
Deferred compensation and other postretirement benefits	326	1,396	1,649
Repositioning and integration charges	(314)	5,261	
Gain on sale of business			(2,621)
Litigation charge			2,000
Other	926		
Increase (decrease) in cash from changes in current assets and current liabilities, net of acquisitions and divestitures:			
Accounts receivable, net	(6,132)	(2,684)	(6,379)
Inventories	(644)	(1,149)	(1,868)
Prepaid expenses and other current assets	(400)	(1,879)	(149)
Accounts payable and accrued liabilities	(1,313)	(851)	6,248
Change in repositioning liabilities	(2,139)	(1,882)	(4,426)
Estimated taxes on income	(361)	(2,675)	1,109
Net cash provided by operating activities	14,227	12,581	15,210
Cash flows from investing activities			
Investments in property, plant, equipment, and other assets	(5,726)	(8,099)	(5,580)
Dividends from associated companies	615	1,096	654
Investments in and advances to associated companies	(28)	(621)	(779)
Companies acquired		(9,350)	
Proceeds from sale of business			3,548
Proceeds from disposition of assets	88	70	1,005
Other, net	(1,302)	63	(280)
Net cash used in investing activities	(6,353)	(16,841)	(1,432)
Cash flows from financing activities			
Dividends paid	(6,817)	(6,526)	(6,179)
Net (decrease) increase in short-term borrowings	(689)	1,078	(13,090)
Long-term borrowings		483	20,000
Repayment of long-term debt	(409)		(4,289)
Treasury stock issued	557	1,588	937
Net cash used in financing activities	(7,358)	(3,377)	(2,621)
Effect of exchange rate changes on cash	(2,052)	(566)	(1,266)
Net (decrease) increase in cash and cash equivalents	(1,536)	(8,203)	9,891
Cash and cash equivalents at beginning of year	10,213	18,416	8,525
Cash and cash equivalents at end of year	\$ 8,677	\$ 10,213	\$ 18,416
Supplemental cash flow disclosures			
Cash paid during the year for:			
Income taxes	\$ 10,310	\$ 5,059	\$ 5,920
Interest	2,494	1,945	1,568

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Common	Capital in excess of	Retained	Unearned	Accumulated other comprehensive	Treasury
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(Dollars in thousands except per share amounts)	stock	par value	earnings	compensation	income (loss)	stock	Total
Balance at December 31, 1996	\$ 9,664	\$ 634	\$ 74,317	\$ (459)	\$ 5,787	\$(16,377)	\$ 73,566
Net income			12,611				12,611
Currency translation adjustments					(6,683)		(6,683)
Minimum pension liability					22		22
Comprehensive income							5,950
Dividends (\$0.71 per share)			(6,179)				(6,179)
Shares issued upon exercise of options		35				532	567
Shares issued for employee stock purchase plan		86				392	478
Restricted stock bonus		173		(332)		490	331
Amortization of restricted stock bonus				263			263
Balance at December 31, 1997	9,664	928	80,749	(528)	(874)	(14,963)	74,976
Net income			10,650				10,650
Currency translation adjustments					1,788		1,788
Minimum pension liability					(332)		(332)
Comprehensive income							12,106
Dividends (\$0.74 per share)			(6,526)				(6,526)
Shares issued upon exercise of options		(339)				1,574	1,235
Shares issued for employee stock purchase plan		90				395	485
Restricted stock bonus		231		331		700	1,262
Amortization of restricted stock bonus				197			197
Balance at December 31, 1998	9,664	910	84,873	--	582	(12,294)	83,735
Net income			15,651				15,651
Currency translation adjustments					(11,997)		(11,997)
Minimum pension liability					37		37
Comprehensive income							3,691
Dividends (\$0.77 per share)			(6,869)				(6,869)
Shares issued upon exercise of options		(3)				167	164
Shares issued for employee stock purchase plan		(75)				553	478
Balance at December 31, 1999	\$ 9,664	\$ 832	\$ 93,655	--	\$(11,378)	\$(11,574)	\$ 81,199

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except share and per share amounts)

Note 1 - Significant Accounting Policies

Principles of consolidation: All majority-owned subsidiaries are included in the Company's consolidated financial statements, with appropriate elimination of intercompany balances and transactions. Investments in associated (less than majority-owned) companies are accounted for under the equity method.

Translation of foreign currency: Assets and liabilities of non-U.S. subsidiaries and associated companies are translated into U.S. dollars at the respective rates of exchange prevailing at the end of the year. Income and expense accounts are translated at average exchange rates prevailing during the year. Translation adjustments resulting from this process are recorded directly in shareholders' equity and will be included in income only upon sale or liquidation of the underlying investment.

Derivative financial instruments: The Company's utilization of derivative financial instruments is substantially limited to the use of forward exchange contracts to hedge foreign currency transactions and foreign exchange options to reduce its exposure to changes in foreign exchange rates. The amount of any gain or loss on derivative financial instruments was immaterial in 1999, 1998, and 1997. There are no contracts or options outstanding at December 31, 1999.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133,

"Accounting for Derivative Instruments and Hedging Activities." This statement will require the Company to recognize all derivative instruments as either assets or liabilities on the balance sheet and measure those instruments at fair value. Gains and losses on foreign currency transactions and forward exchange contracts, to the extent they have been effective as hedges, would continue to be recognized as they are now. Adoption of SFAS No. 133 is not expected to have a material impact on the Company's operating results or financial position.

Cash and cash equivalents: The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Inventories: Inventories are valued at the lower of cost or market value. Cost of domestic inventories, except for those of the coatings segment, are determined using the last-in, first-out ("LIFO") method. Cost of non-U.S. subsidiaries and the domestic coatings segment inventories are determined using the first-in, first-out ("FIFO") method.

Long-lived assets: Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method on an individual asset basis over the following estimated useful lives: buildings and improvements, 10 to 45 years; and machinery and equipment, 3 to 15 years. The carrying value of long-lived assets is evaluated whenever changes in circumstances indicate the carrying amount of such assets may not be recoverable. If necessary, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value. Expenditures for renewals and betterments which increase the estimated useful life or capacity of the assets are capitalized; expenditures for repairs and maintenance are expensed when incurred.

Intangible assets: Intangible assets consist of goodwill and other intangibles arising from acquisitions which are being amortized on a straight-line basis over various periods not exceeding 40 years. The realizability and period of benefit of goodwill is evaluated periodically to assess recoverability and, if warranted, impairment or adjustment of the period benefited would be recognized. At December 31, 1999 and 1998, accumulated amortization amounted to \$5,532 and \$5,217, respectively.

Revenue recognition: Sales are recorded when products are shipped to customers and services earned. License fees and royalties are recorded when earned.

Research and development costs: Research and development costs are expensed as incurred. Company sponsored research and development expenses during 1999, 1998, and 1997 were \$8,524, \$9,550, and \$9,508, respectively.

Concentration of credit risk: Financial instruments, which potentially subject the Company to a concentration of credit risk, principally consist of cash equivalents, short-term investments, and trade receivables. The Company invests temporary and excess cash in money market securities and financial instruments having maturities typically within 90 days. The Company has not experienced losses from the aforementioned investments.

The Company sells its principal products to major steel, automotive, and related companies around the world. The Company maintains allowances for potential credit losses. The allowance for doubtful accounts was \$1,133 in 1999 and \$2,004 in 1998. Historically, the Company has experienced some losses related to bankruptcy proceedings of major steel companies in the U.S.; however, such losses have not been material.

Environmental liabilities and expenditures: Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Accrued liabilities are exclusive of claims against third parties and are not discounted. Environmental costs and remediation costs are capitalized if the costs increase the value of the property from the date acquired or constructed and/or mitigate or prevent contamination in the future.

Comprehensive income: In 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income. The Company has presented the components of comprehensive income in its Statement of Shareholders' Equity. The adoption of SFAS No. 130 did not affect results of operations, financial position, or cash flows. The accumulated currency translation adjustments and minimum pension liability included in accumulated other comprehensive (loss) income were \$(10,417) and \$(961) at December 31, 1999, respectively, and \$1,580 and \$(998) at December 31, 1998, respectively.

Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingencies at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period.

Reclassifications: Certain reclassifications of prior years' data have been made to improve comparability.

Note 2 - Repositioning and Integration Charges

In the fourth quarter of 1998, the Company announced and implemented a repositioning and integration plan to better align its organizational structure with market demands, improve operational performance and reduce costs, and recorded a pre-tax charge of \$5,261 (\$2,882 after-tax and minority interest, or \$0.33 per share in connection therewith). The repositioning and integration charge included workforce reductions (approximately 70 employees) in the Company's U.S., South American and European operations and integration costs associated with the closure of a leased facility as a result of the Company's recent acquisition in Brazil (see Note 12).

The components of the 1998 pre-tax repositioning and integration charge included severance and other benefit costs of \$3,990 and early pension and other postretirement benefits of \$1,271. At the end of 1999, the Company had substantially implemented these initiatives and reversed approximately \$314 of the original charge. The remaining severance and other benefit costs liability balance at December 31, 1999 of \$572 will be paid out during 2000. The liabilities for early pension and other postretirement benefits are included in the Company's pension and postretirement benefits obligations (see Note 7).

The components of pre-tax charges incurred in 1998, as well as balances remaining at December 31, 1999, were as follows:

1998 repositioning and integration charges	
for severance, other employee benefits	
and integration costs	\$ 3,990
Benefit payments in 1998	(965)
Benefit payments in 1999	(2,139)
1999 adjustment	(314)

Remaining liability at December 31, 1999	\$ 572
	=====

Note 3 - Investments in Associated Companies

Summarized financial information of the associated companies (less than majority-owned), in the aggregate, is as follows:

	December 31,

	1999 1998

Current assets	\$28,983	\$24,220
Noncurrent assets	6,648	6,084
Current liabilities	16,091	13,772
Noncurrent liabilities	4,676	3,761

Year Ended December 31,

	1999	1998	1997
Net sales	\$54,224	\$50,542	\$54,262
Gross margin	20,377	18,893	19,683
Operating income	5,821	5,963	6,089
Net income	2,196	2,367	2,662

Note 4 - Inventories

Total inventories are comprised of:

	December 31,	
	1999	1998
Raw materials and supplies	\$12,140	\$12,616
Work in process and finished goods	11,217	11,901
	-----	-----
	\$23,357	\$24,517
	=====	=====

Inventories valued under the LIFO method amounted to \$6,380 and \$6,621 at December 31, 1999 and 1998, respectively. The estimated replacement costs for these inventories using the FIFO method were approximately \$5,929 and \$6,867, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share amounts)

Note 5 - Property, Plant, and Equipment
Property, plant, and equipment is comprised of:

	December 31,	
	1999	1998
Land	\$ 5,437	\$ 5,858
Building and improvements	34,696	37,711
Machinery and equipment	65,542	65,818
Construction in progress	3,249	2,576
	-----	-----
	108,924	111,963
Less accumulated depreciation	64,172	62,341
	-----	-----
	\$ 44,752	\$ 49,622
	=====	=====

Note 6 - Taxes on Income

Taxes on income consist of the following:

Year Ended December 31,

	1999	1998	1997
Current			

Federal	\$ 3,528	\$ 1,294	\$ 557
State	85	145	155
Foreign	6,216	5,425	6,640
	-----	-----	-----
	9,829	6,864	7,352
Deferred			
Federal	522	(1,016)	(1,294)
Foreign	509	871	1,835
	-----	-----	-----
Total	\$10,860	\$ 6,719	\$ 7,893
	=====	=====	=====

Total deferred tax assets and liabilities are comprised of the following at December 31:

	1999		1998	
	Current	Non-current	Current	Non-current
	-----	-----	-----	-----
Retirement benefits	\$ 155		\$ 35	
Allowance for doubtful accounts	180		307	
FRS impairment		\$ 1,836		\$ 2,192
Insurance and litigation reserves	1,523		1,372	
Postretirement benefits		3,082		3,027
Supplemental retirement benefits		772		733
Performance incentives	1,790	102	1,314	431
Alternative minimum tax carryforward		743		968
Repositioning charges	1,195	2,873	1,800	2,873
Operating loss carryforward		1,618		1,518
Other		280		570
Valuation allowance		(1,618)		(1,518)
	-----	-----	-----	-----
Total deferred tax assets	\$ 4,843	\$ 9,688	\$ 4,828	\$10,794
	=====	=====	=====	=====
Depreciation		\$ 2,944		\$ 2,773
Sale of business		916		916
Other		89		207
		-----		-----
Total deferred tax liabilities		\$ 3,949		\$ 3,896
		=====		=====

The following is a reconciliation of income taxes at the Federal statutory rate with income taxes recorded by the Company for the year ended December 31:

	1999	1998	1997
	-----	-----	-----
Income tax provision at the Federal statutory tax rate	\$ 9,231	\$ 5,833	\$ 6,710
State income tax provisions, net	56	96	102
Non-deductible entertainment and business meal expense	195	206	214
Foreign taxes on earnings at rates different from the Federal statutory rate	1,321	197	833
Miscellaneous items, net	57	387	34
	-----	-----	-----
Taxes on income	\$10,860	\$ 6,719	\$ 7,893
	=====	=====	=====

At December 31, 1999, the Company has foreign net operating loss carryforwards of \$5,079, of which \$482 expire between 2000 and 2002. There is no time limit for the remaining net operating loss carryforwards of \$4,597. Due to the uncertainty of the realization of these deferred tax assets, the Company has established a valuation allowance against these carryforward benefits.

U.S. income taxes have not been provided on the undistributed earnings of non-U.S. subsidiaries since it is the Company's intention to continue to reinvest these earnings in those subsidiaries for working capital and expansion needs. The amount of such undistributed earnings at December 31, 1999 was approximately \$94,000. Any income tax liability which might result from ultimate remittance of these earnings is expected to be substantially offset by foreign tax credits.

Note 7 - Pension and Other Postretirement Benefits

The Company maintains various noncontributory retirement plans, the largest of which is in the U.S., covering substantially all of its employees in the U.S. and certain other countries. The plans of the Company's subsidiaries in the Netherlands and in the United Kingdom are subject to the provision of SFAS No. 87, "Employers' Accounting for Pensions." The plans of the remaining non-U.S. subsidiaries are, for the most part, either fully insured or integrated with the local governments' plans and are not subject to the provisions of SFAS No. 87.

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The following table shows the components of pension costs for the periods indicated:

	1999	1998	1997
Service cost	\$ 2,136	\$ 1,608	\$ 1,425
Interest cost	3,962	3,613	3,376
Expected return			
on plan assets	(4,614)	(4,416)	(4,124)
Other amortization, net	(46)	(387)	(454)
	-----	-----	-----
Net pension cost of plans			
subject to SFAS No. 87	1,438	418	223
Early pension benefits			
(Note 2)		965	
	-----	-----	-----
Net pension cost of plans			
subject to SFAS No. 87	1,438	1,383	223
Pension costs of plans not			
subject to SFAS No. 87	67	243	179
	-----	-----	-----
Net pension costs	\$ 1,505	\$ 1,626	\$ 402
	=====	=====	=====

The U.S. defined benefit pension plan is the largest plan. The significant assumptions for the U.S. plan were as follows:

	1999	1998	1997
Discount rate for projected			
benefit obligation	7.5%	6.75%	7.25%
Assumed long-term rate of			
compensation increases	5.5%	5.5%	5.5%
Long-term rate of return			
on plan assets	9.25%	9.25%	9.25%

All other pension plans used assumptions in determining the actuarial present value of the projected benefit obligations which are consistent with (but not identical to) those of the U.S. plan.

The Company has postretirement benefit plans that provide medical and life insurance benefits for certain retired employees of the Company. Both the medical and life insurance plans are currently unfunded.

The following table shows the components of postretirement costs for the periods indicated:

	1999	1998	1997
Service cost	\$ 114	\$ 100	\$ 72
Interest cost	669	622	642
Net periodic postretirement benefit cost	783	722	714
Early postretirement benefits (Note 2)		306	
Net periodic postretirement benefit cost	\$ 783	\$1,028	\$ 714

The following table shows the Company plans' funded status reconciled with amounts reported in the consolidated balance sheet as of December 31:

	Pension benefits		Other postretirement benefits	
	1999	1998	1999	1998
Change in benefit obligation				
Benefit obligation				
at beginning of year	\$ 63,471	\$ 50,727	\$ 9,575	\$ 9,114
Service cost	2,083	1,608	114	100
Interest cost	3,962	3,613	669	622
Amendments		3,717		306
Translation difference	(2,436)	955		
Actuarial loss	1,230	5,709	100	158
Benefits paid	(3,640)	(2,811)	(851)	(725)
Other	42	(47)		
Benefit obligation at end of year	64,712	63,471	9,607	9,575
Change in plan assets				
Fair value of plan assets				
at beginning of year	58,312	53,041		
Actual return				
on plan assets	3,950	5,348		
Employer contribution	1,728	1,709	851	725
Plan participants' contributions	62	58		
Translation difference	(2,259)	967		
Benefits paid	(3,560)	(2,811)	(851)	(725)
Fair value of plan assets at end of year	58,233	58,312		
Funded status	(6,479)	(5,159)	(9,607)	(9,575)
Unrecognized transition asset	(1,608)	(2,279)		
Unrecognized gain/(loss)	2,481	1,503	(191)	(291)
Unrecognized prior service cost	3,658	3,918		

Net amount recognized	\$ (1,948)	\$ (2,017)	\$ (9,798)	\$ (9,866)
	=====	=====	=====	=====

Amounts recognized in the balance sheet consist of:

Prepaid benefit cost	\$ 3,467	\$ 3,400		
Accrued benefit obligation	(6,630)	(6,415)		
Intangible asset	255			
Accumulated other comprehensive income	960	998		
	-----	-----		
Net amount recognized	\$ (1,948)	\$ (2,017)		
	=====	=====		

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were \$9,912, \$8,893, and \$3,463, respectively, as of December 31, 1999 and \$9,589, \$8,446, and \$2,874 respectively, as of December 31, 1998.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except share and per share amounts)

The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% and 6.75% in 1999 and 1998, respectively.

In valuing costs and liabilities, different health care cost trend rates were used for retirees under and over age 65. The average assumed rate for medical benefits for all retirees was 8% in 1999, gradually decreasing to 5% over nine years. A 1% increase in the health care cost trend rate would increase total service and interest cost for 1999 by \$36 and the accumulated postretirement benefit obligation as of December 31, 1999 by \$513. A 1% decrease in the health care cost trend rate would decrease total service and interest cost for 1999 by \$32 and the accumulated postretirement benefit obligation as of December 31, 1999 by \$461.

The Company maintains a plan under which supplemental retirement benefits are provided to certain officers. Benefits payable under the plan are based on a combination of years of service and existing postretirement benefits. Included in total pension costs are charges of \$511, \$411, and \$291 in 1999, 1998, and 1997, respectively, representing the annual accrued benefits under this plan.

Profit sharing plan: The Company also maintains a qualified profit sharing plan covering substantially all domestic employees other than those who are compensated on a commission basis. Contributions were \$1,251, \$310, and \$295 for 1999, 1998, and 1997, respectively.

Note 8 - Long-term Debt

Long-term debt consisted of the following:

	December 31,	
	-----	-----
	1999	1998
	-----	-----
6.98% Senior unsecured notes due 2007	\$20,000	\$20,000
Industrial development authority monthly floating rate (3.9% at		

December 31, 1999) demand		
bonds maturing 2014	5,000	5,000
Other debt obligations	222	686
	-----	-----
	25,222	25,686
Less current portion	100	342
	-----	-----
	\$25,122	\$25,344
	=====	=====

The long-term financing agreements require the maintenance of certain financial covenants with which the Company is in compliance.

During the next five years, payments on long-term debt are due as follows: \$100 in 2000, and \$2,857 in 2001, 2002, 2003, and 2004.

At December 31, 1999 and 1998, the Company had outstanding short-term borrowings with banks under lines of credit in the aggregate of \$331 and \$1,078, respectively.

The Company has available a \$10,000 unsecured line of credit that is renewed annually. Any borrowings under this line of credit will be at the bank's most competitive rate of interest in effect at the time. There were no outstanding borrowings under this line of credit at December 31, 1999 or 1998.

At December 31, 1999 and 1998, the values at which the financial instruments are recorded are not materially different from their fair market value.

Note 9 - Shareholders' Equity

Holders of record of the Company's common stock for a period of 36 consecutive calendar months or less are entitled to 1 vote per share of common stock. Holders of record of the Company's common stock for a period greater than 36 consecutive calendar months are entitled to 10 votes per share of common stock.

Treasury stock is held for use by the various Company plans which require the issuance of the Company's common stock.

The Company is authorized to issue 10,000,000 shares of preferred stock, \$1.00 par value, subject to approval by the Board of Directors. The Board of Directors may designate one or more series of preferred stock and the number of shares, rights, preferences, and limitations of each series. No preferred stock has been issued.

Under provisions of a stock purchase plan which permits employees to purchase shares of stock at 85% of the market value, 30,962 shares, 27,538 shares, and 26,490 shares were issued from treasury in 1999, 1998, and 1997, respectively. The number of shares that may be purchased by an employee in any year is limited by factors dependent upon the market value of the stock and the employee's base salary. At December 31, 1999, 74,073 shares are available for purchase.

The Company has a long-term incentive program for key employees which provides for the granting of options to purchase stock at prices not less than market value on the date of the grant. Most options are exercisable between one and three years after the date of the grant for a period of time determined by the Company not to exceed seven years from the date of grant for options issued in 1999 and ten

disclosure-only provisions of SFAS No. 123, "Accounting for Stock-based Compensation." Accordingly, no compensation expense has been recognized for the stock option plans. Had compensation cost been determined based on the fair value at grant date for awards in 1999, 1998, and 1997 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	1999	1998	1997
Net income - as reported	\$15,651	\$10,650	\$12,611
Net income - pro forma	15,307	10,304	12,567
Net income per share-			
as reported (diluted)	\$1.74	\$1.20	\$1.45
Net income per share-			
pro forma (diluted)	1.71	1.16	1.45

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999	1998	1997
Dividend yield	3.9%	3.9%	3.9%
Expected volatility	24.2%	22.7%	24.5%
Risk-free interest rate	6.45%	5.09%	5.65%
Expected life (years)	8	9	8

The table below summarizes transactions in the plan during 1999, 1998, and 1997.

	1999		1998		1997
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares
Options out- standing at January 1,	943,263	\$ 17.34	921,999	\$ 17.03	1,008,129
Options granted	157,600	14.37	155,400	17.19	62,530
Options exercised	(2,516)	14.17	(97,994)	12.89	(32,768)
Options expired	(15,400)	16.33	(36,142)	21.02	(115,892)
	=====		=====		=====
Options out- standing at December 31,	1,082,947	16.93	943,263	17.34	921,999
	=====		=====		=====
Options exercisable at December 31,	826,347	\$ 17.35	760,352	\$ 17.47	712,154
	=====	=====	=====	=====	=====

The following table summarizes information about stock options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of	Number Outstanding	Weighted Average Con- tractual	Weighted Average Exercise	Number Exercisable	Weighted Average Exercise

Exercise Prices	at 12/31/99	Life	Price	at 12/31/99	Prices
\$12.10-\$14.52	285,495	6	\$13.92	132,495	\$13.46
14.53- 16.94	248,684	7	15.72	195,084	15.45
16.95- 19.36	409,545	5	18.18	359,545	18.17
19.37- 21.78	69,223	2	20.78	69,223	20.77
21.79- 24.20	70,000	5	22.36	70,000	22.36
	-----			-----	
	1,082,947	6	\$16.93	826,347	\$17.35
	=====	=	=====	=====	=====

Options were exercised for cash, resulting in the issuance of 2,516 shares in 1999 and 97,994 shares in 1998. Options to purchase 860,000 shares were available at December 31, 1999 for future grants.

The program also provides for cash awards and commencing in 1999, common stock awards, the value of which is determined based on operating results over a three-year period for awards issued in 1999, and over a four-year period in prior years. The effect on operations of the change in the estimated value of incentive units during the year was \$2,246, \$870, and \$1,350 in 1999, 1998, and 1997, respectively.

Shareholders of record on February 20, 1990 received two stock purchase rights for each three shares of common stock outstanding. These rights expired on February 20, 2000. On March 6, 2000, the Board of Directors approved a new Rights Plan and declared a dividend of one new right (the "Rights") for each outstanding share of common stock to shareholders of record on March 20, 2000.

The Rights become exercisable if a person or group acquires or announces a tender offer which would result in such person's acquisition of 20% or more of the Company's common stock.

Each Right, when exercisable, entitles the registered holder to purchase one one-hundredth of a share of a newly authorized Series B preferred stock at an exercise price of sixty-five dollars per share subject to certain anti-dilution adjustments. In addition, if a person or group acquires 20% or more of the outstanding shares of the Company's common stock, without first obtaining Board of Directors' approval, as required by the terms of the Rights Agreement, each Right will then entitle its holder (other than such person or members of any such group) to purchase, at the Right's then current exercise price, a number of one one-hundredth shares of Series B preferred stock having a total market value of twice the Right's exercise price.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except share and per share amounts)

In the event that the Company merges with or transfers 50% or more of its assets or earnings to any entity after the Rights become exercisable, holders of Rights may purchase, at the Right's then current exercise price, common stock of the acquiring entity having a value equal to twice the Right's exercise price.

In addition, at any time after a person acquires 20% of the outstanding shares of common stock and prior to the acquisition by such person of 50% or more of the outstanding shares of common stock, the Company may exchange the Rights (other than the Rights which have become null and void), in whole or in part, at an exchange ratio of one share of common stock or equivalent share of preferred stock, per Right.

The Board of Directors can redeem the Rights for \$.01 per Right at any time prior to the acquisition by a person or group of beneficial ownership of 20% or

more of the Company's common stock. Until a Right is exercised, the holder thereof will have no rights as a shareholder of the Company, including without limitation, the right to vote or to receive dividends. Unless earlier redeemed or exchanged, the Rights will expire on March 20, 2010.

Restricted stock bonus: In 1995, the Company granted an initial stock bonus of 50,000 shares of the Company's common stock to its chief executive officer ("CEO") of which 5,000 shares were paid to him immediately and 15,000 shares were delivered to him on October 2, 1996, October 2, 1997, and October 2, 1998. The unearned compensation charged to selling, general, and administrative expenses ("SG&A") over the three-year vesting period was \$197 in 1998, and \$263 in 1997 and 1996.

In 1997, the Company granted a stock bonus of 35,000 shares of the Company's common stock to its CEO. The shares were registered in his name and were delivered over a two-year period based on the attainment of certain profit-before-tax financial performance criteria. In 1998, 16,975 shares were earned, and in 1997, 17,500 shares were earned, and \$315 and \$331 was charged to SG&A in 1998 and 1997, respectively.

Additionally, the CEO earned a bonus of 50,000 shares of the Company's common stock during 1997 based on the increase in the Company's earnings per share. Approximately \$900 was charged to SG&A during 1997.

Note 10 - Earnings Per Share

The following table summarizes earnings per share (EPS) calculations for the years ended December 31, 1999, 1998, and 1997:

	December 31,		
	1999	1998	1997
Numerator for basic EPS and diluted EPS - net income	\$15,651 =====	\$10,650 =====	\$12,611 =====
Denominator for basic EPS - weighted average shares	8,914	8,789	8,673
Effect of dilutive securities, primarily employee stock options	61 -----	71 -----	34 -----
Denominator for diluted EPS - weighted average shares and assumed conversions	8,975 =====	8,860 =====	8,707 =====
Basic EPS	\$1.76	\$1.21	\$1.45
Diluted EPS	1.74	1.20	1.45

The following number of stock options are not included in dilutive earnings per share since in each case the exercise price is greater than the market price: 192, 190, and 226, in 1999, 1998, and 1997, respectively.

Note 11 - Business Segments

The Company's reportable segments are as follows:

- (1) Metalworking process chemicals-produces products used as lubricants for various heavy industrial and manufacturing applications.
- (2) Coatings-produces temporary and permanent coatings for metal products and chemical milling maskants.
- (3) Other chemical products-primarily includes chemicals used in the

manufacturing of paper as well as other various chemical products.

Segment data includes direct segment costs as well as general operating costs, including depreciation, allocated to each segment based on net sales.

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The table below presents information about the reported segments for the years ended December 31:

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total

1999				
Net sales	\$227,896	\$ 18,009	\$ 12,556	\$258,461
Operating income (loss)	38,926	4,270	(481)	42,715
Depreciation	5,090	116	281	5,487
1998				
Net sales	\$225,433	\$ 19,434	\$ 12,233	\$257,100
Operating income (loss)	30,377	4,896	(843)	34,430
Depreciation	4,805	84	261	5,150
1997				
Net sales	\$211,457	\$ 15,662	\$ 14,415	\$241,534
Operating income	27,322	3,545	528	31,395
Depreciation	4,630	80	316	5,026

Operating income comprises revenue less related costs and expenses. Nonoperating expenses primarily consist of general corporate expenses identified as not being a cost of operation, interest expense, interest income, and license fees from nonconsolidated associates.

A reconciliation of total segment operating income to total consolidated income before taxes, for the years ended December 31, 1999, 1998, and 1997 is as follows:

	1999	1998	1997

Total operating income for reportable segments	\$ 42,715	\$ 34,430	\$ 31,395
Repositioning and integration charges	314	(5,261)	
Nonoperating charges	(14,279)	(9,938)	(10,630)
Depreciation and amortization	(1,469)	(1,961)	(2,238)
Litigation charge			(2,000)
Interest expense	(2,486)	(2,151)	(1,547)
Interest income	494	562	329
Other income, net	1,862	1,116	1,805
Gain on sale of business			2,621
	-----	-----	-----
Consolidated income before taxes	\$ 27,151	\$ 16,797	\$ 19,735
	=====	=====	=====

The following sales and long-lived asset information is by geographic area as of and for the years ended December 31:

	1999	1998	1997
Net sales			
United States	\$117,863	\$119,624	\$110,942
Europe	89,382	93,097	94,898
Asia/Pacific	27,125	25,750	22,416
South America	24,091	18,629	13,278
	-----	-----	-----
Consolidated	\$258,461	\$257,100	\$241,534
	=====	=====	=====

	1999	1998	1997
Long-lived assets			
United States	\$31,692	\$29,917	\$26,400
Europe	26,235	30,341	26,828
Asia/Pacific	6,211	5,606	5,225
South America	12,146	18,677	6,794
	-----	-----	-----
Consolidated	\$76,284	\$84,541	\$65,247
	=====	=====	=====

Note 12 - Business Acquisitions and Divestitures

In 1998 and 1997, the Company completed the acquisitions or divestitures set forth below. Each acquisition was accounted for as a purchase and, accordingly, the purchase price was allocated where appropriate between the fair value of identifiable net assets acquired and the excess of cost over net assets of acquired companies. The consolidated financial statements include the operating results of each business acquired from the date of acquisition. Pro forma results of operations have not been presented for any of the acquisitions or divestitures because the effects of these transactions, individually or in the aggregate, were not material.

On June 25, 1998, the Company completed the formation of a majority-owned joint venture in Brazil and small businesses in Italy and Venezuela for approximately \$9,350 of which goodwill comprises \$5,500 and is being amortized over 20 years. The agreement provides for an earn-out provision of \$3,500 if certain performance targets are met. It is anticipated that these targets will be met during 2000.

On August 7, 1997, the Company entered into an agreement with Asianol Lubricants Ltd. for the creation of a joint venture in India. The Company owns 55% of the joint venture and made a cash investment of \$153 during 1997.

On July 1, 1997, the Company completed the sale of its European pulp and paper business for approximately \$3,500 in cash.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

(Dollars in thousands except and per share amounts)

Note 13 - Commitments and Contingencies

In 1996, Petrolite Corporation ("Petrolite") filed a demand of arbitration and a statement in support thereof with the American Arbitration Association in St. Louis, Missouri. Petrolite asserted claims for negligent misrepresentation and breach of contract arising out of a Technology Purchase Agreement (the "Agreement") between Petrolite and the Company pursuant to which the Company

sold various assets, including certain patent rights, to Petrolite for a purchase price of approximately \$8,500 plus an obligation to pay royalties. During 1998, the Company paid Petrolite an undisclosed amount, not exceeding an amount accrued in 1997, to resolve all disputes between them and terminate the arbitration proceedings.

A wholly owned non-operating subsidiary of the Company is a co-defendant in claims filed by multiple claimants alleging injury due to exposure to asbestos. Although there can be no assurance regarding the outcome of existing claims proceedings, the subsidiary believes that it has made adequate accruals for all potential uninsured liabilities related to claims of which it is aware. Effective October 31, 1997, the subsidiary's insurance carriers agreed to be responsible for all damages and costs (including attorneys' fees) arising out of all existing and future asbestos claims. At December 31, 1999, the subsidiary had accrued approximately \$50 to provide for anticipated damages and costs incurred prior to October 31, 1997.

The Company has accrued for certain environmental investigatory and noncapital remediation costs. The Company identified certain soil and groundwater contamination at AC Products, Inc. ("ACP"), a wholly owned subsidiary. In coordination with the Santa Ana California Regional Water Quality Board, ACP is remediating the contamination. The Company believes that the potential uninsured liability associated with the completion of the remediation effort ranges from \$600 to \$1,100, for which the Company has accrued approximately \$900.

Additionally, although there can be no assurance regarding the outcome of other environmental matters, the Company believes that it has made adequate accruals for costs associated with other environmental problems of which it is aware. Approximately \$176 and \$205 was accrued at December 31, 1999 and 1998, respectively, to provide for such anticipated future environmental assessments and remediation costs.

The Company is party to other litigation which management currently believes will not have a material adverse effect on the Company's results of operations or financial condition.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Quaker Chemical Corporation have been prepared in accordance with generally accepted accounting principles and have been audited by PricewaterhouseCoopers LLP, independent certified public accountants. The integrity and objectivity of information in these consolidated financial statements, including estimates and judgments, are the responsibility of management.

The Company's system of internal controls is designed to provide reasonable assurance that Company assets are safeguarded from loss or unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel, proper division of responsibilities, the dissemination of written policies and procedures, and an internal audit program to monitor its effectiveness.

The Board of Directors, through its Audit Committee consisting of four outside directors, oversees management's financial reporting responsibilities. As part of these responsibilities, the Audit Committee meets regularly with representatives of management, the independent accountants, and the Company's Internal Audit function. The independent accountants and the Company's Internal Audit function have full and free access to the Audit Committee and meet with the committee both with and without the presence of management.

/s/ Ronald J. Naples

 Ronald J. Naples
 Chairman of the Board
 and Chief Executive Officer

/s/ Michael F. Barry

 Michael F. Barry
 Vice President,
 Chief Financial Officer
 and Treasurer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
 of Quaker Chemical Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of cash flows and of shareholders' equity present fairly, in all material respects, the financial position of Quaker Chemical Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

 PricewaterhouseCoopers LLP
 March 10, 2000

ELEVEN-YEAR FINANCIAL SUMMARY

(Dollars in thousands except per share data and number of employees)	1999 (1)	1998 (2)	1997 (3)
Summary of Operations			
Net sales	\$258,461	\$257,100	\$241,534
Income (loss) before taxes and cumulative effect			
of change in accounting principle	26,511	17,369	20,504
Cumulative effect of change in accounting			
for postretirement benefits			
Net income (loss)	15,651	10,650	12,611
Per share (7)			
Income (loss) before cumulative effect			
of change in accounting principle	1.76	1.21	1.45
Cumulative effect of change in accounting			
for postretirement benefits			
Net income basic, excluding special items	1.74	1.54	1.41
Net income (loss)	1.76	1.21	1.45
Dividends77	.74	.71
Financial Position			
Current assets	96,241	96,068	95,857
Current liabilities	44,657	50,432	47,759
Working capital	51,584	45,636	48,098
Property, plant, and equipment, net	44,752	49,622	40,654
Total assets	182,213	191,403	172,463
Long-term debt	25,122	25,344	25,203
Shareholders' equity	81,199	83,735	74,976

Other Data			
Current ratio	2.2/1	1.9/1	2.0/1
Capital expenditures	5,726	8,099	5,580
Net income (loss) as a percentage of net sales(8)	6.1%	4.1%	5.2%
Return on average shareholders' equity(8)	19.0%	13.4%	17.0%
Shareholders' equity per share at end of year(7)	9.09	9.41	8.60
Common stock per share price range(7):			
High	18 3/8	21	19 13/16
Low	13 1/2	13	15
Number of shares outstanding at end of year(7)	8,934	8,894	8,720
Number of employees at end of year:			
Consolidated subsidiaries	923	923	871
Associated companies	247	266	250

- (1) The results of operations for 1999 include a net repositioning credit of \$188 after-tax, or \$0.02 per share. Excluding this credit, net income for 1999 was \$15,462, or \$1.74 and \$1.72 per basic and diluted share, respectively.
- (2) The results of operations for 1998 include net repositioning and integration charges of \$2,882, after-tax and minority interest, or \$0.33 per share. Excluding these charges, net income for 1998 was \$13,532, or \$1.54 and \$1.53 per basic and diluted share, respectively.
- (3) The results of operations for 1997 include a gain on the sale of the European pulp and paper business - \$1,703 after-tax, or \$0.20 per share and a litigation charge of \$2,000 - \$1,320 after-tax or \$0.16 per share. Excluding these items, net income was \$12,228, or \$1.41 per share.
- (4) The results of operations for 1996 include special charges - \$16,912 after-tax, or \$1.96 per share. Excluding these charges, net income for 1996 was \$9,313, or \$1.08 per share.
- (5) The results of operations for 1994 include net repositioning credits of \$347, or \$0.04 per share. Excluding these credits, net income for 1994 was \$9,055, or \$0.99 per share.
- (6) The results of operations for 1993 include net repositioning charges of \$7,854, or \$0.85 per share. Excluding these charges, net income for 1993 was \$6,096, or \$0.66 per share.
- (7) Restated to give retroactive effect to a three-for-two split in 1990.
- (8) Calculated for 1991 using \$10,790, which is the net income before the cumulative effect of change in accounting principle.

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1996 (4)	1995	1994 (5)	1993 (6)	1992	1991	1990	1989
\$240,251	\$227,038	\$194,676	\$195,004	\$212,491	\$191,051	\$201,474	\$181,660
(7,133)	11,575	15,318	(1,524)	19,045	16,888	22,580	19,647
(7,599)	6,688	9,402	(1,758)	12,098	(5,675) 5,115	14,106	12,840
(.88)	.76	1.03	(.19)	1.33	1.20	1.51	1.35
1.08	.76	.99	.66	1.33	(.63) .57	1.51	1.35
(.88)	.76	1.03	(.19)	1.33	.57	1.51	1.35
.69	.68	.63 1/2	.60 1/2	.57	.53	.47	.41
86,552	87,375	83,400	84,387	85,567	82,725	84,833	75,427
64,034	60,868	42,754	42,642	28,126	36,592	40,342	27,848
22,518	26,507	40,646	41,745	57,441	46,133	44,491	47,579
43,960	56,309	51,694	55,541	52,179	48,661	46,315	36,539
165,608	185,408	170,172	170,985	166,613	159,121	152,408	131,430
5,182	9,300	12,207	16,095	18,604	5,219	5,453	5,665
73,566	93,215	93,677	91,383	101,642	98,898	99,113	90,440
1.4/1	1.4/1	2.0/1	2.0/1	3.0/1	2.3/1	2.1/1	2.7/1
6,923	9,833	9,255	8,960	7,226	8,420	12,663	7,553
(3.2)%	2.9%	4.8%	(0.9)%	5.7%	5.6%	7.0%	7.1%
(9.1)%	7.2%	10.2%	(1.8)%	12.1%	10.9%	14.9%	14.8%

8.53	10.76	10.62	9.89	11.06	10.95	11.11	9.55
17 1/4	19	19 1/2	24 5/8	26	22 1/4	19 1/4	15 5/8
11 3/4	11	14 3/4	14 1/4	18 3/4	15	12	12 1/2
8,620	8,664	8,819	9,242	9,188	9,028	8,921	9,473
835	870	743	865	842	840	819	829
232	235	212	141	130	187	261	154

SUPPLEMENTAL FINANCIAL INFORMATION

Quarterly Results (unaudited)

(Dollars in thousands except per share amounts)	First	Second	Third	Fourth
1999				
Net sales	\$60,902	\$64,025	\$67,795	\$65,739
Operating income(1)	4,975	6,401	7,939	7,966
Net income(1)	2,998	3,803	4,264	4,586
Net income per share (basic and diluted)	\$.34	\$.42	\$.48	\$.51
1998				
Net sales	\$62,235	\$65,355	\$65,991	\$63,519
Operating income(2)	4,968	5,759	5,823	720
Net income(2)	2,894	3,470	3,555	731
Net income per share (basic)	\$.33	\$.40	\$.40	\$.08
Net income per share (diluted)	\$.33	\$.39	\$.40	\$.08

(1) The fourth quarter includes a \$314 (\$188 after-tax) repositioning credit.

(2) The fourth quarter includes a \$5,261 (\$2,882 after-tax) repositioning and integration charge.

Stock Market and Related Security Holder Matters

The Company's common stock is listed on the New York Stock Exchange ("NYSE") under the trading symbol KWR. The following table sets forth, for the calendar quarters during the past two years, the range of high and low sales prices for the common stock as reported by the NYSE, and the quarterly dividends declared as indicated:

	Range of Quotations				Dividends Declared	
	1999		1998		1999	1998
	High	Low	High	Low		
First quarter	\$18	\$13 1/2	\$19 3/4	\$16 1/2	\$.19	\$.18
Second quarter	18 3/8	13 11/16	21	17 11/16	.19	.18
Third quarter	17 5/16	15 13/16	19 3/4	15 7/16	.19 1/2	.19
Fourth quarter	17 1/16	13 7/8	18 7/16	13	.19 1/2	.19

As of January 17, 2000 there were 936 shareholders of record of the Company's common stock, \$1.00 par value, its only outstanding class of equity securities.

Copies of the Company's Form 10-K for the year ended December 31, 1999 as filed with the Securities and Exchange Commission will be provided without charge on request to Quaker Chemical Corporation, Attention: Irene M. Kisleiko, Assistant Corporate Secretary, Conshohocken, PA 19428.

SUBSIDIARIES AND AFFILIATES OF THE REGISTRANT

Name -----	Jurisdiction of Incorporation -----	Percentage of voting securities owned directly or indirectly by Quaker -----
* Quaker Chemical Europe B.V.	Holland	100%
* Quaker Chemical B.V.	Holland	100%
+* Quaker Chemical Holdings UK Limited	United Kingdom	100%
* Quaker Chemical Limited	United Kingdom	100%
* Quaker Chemical S.A.	France	100%
** Quaker Chemical South Africa (Pty.) Limited	Republic of South Africa	50%
* Quaker Chemical, S.A.	Spain	100%
* Quaker Chemical S.A.	Argentina	100%
+ Quaker Chemical Participacoes, Ltda.	Brazil	100%
* Quaker Chemical Industria e Comercio S.A.	Brazil	60%
* Quaker Chemical India Limited	India	55%
** Kelko Quaker Chemical, S.A.	Venezuela	50%
* Quaker Chemical Limited	Hong Kong	100%
* Wuxi Quaker Chemical Co., Ltd.	China	60%
+* Quaker Chemical South East Asia Pte. Ltd.	Singapore	100%
** Nippon Quaker Chemical, Ltd.	Japan	50%
* Quaker Chemical (Australasia) Pty. Limited	State of New South Wales, Australia	51%
** TecniQuimica Mexicana S.A. de C.V.	Mexico	40%
+* SB Decking, Inc. (formerly Selby, Battersby & Co.)	Delaware, U.S.A.	100%
* Quaker Chemical Corporation	Delaware, U.S.A.	100%

+ Quaker Chemical Management, Inc.	Delaware, U.S.A.	100%
* AC Products, Inc.	California, U.S.A.	100%
** Fluid Recycling Services Company, LLC	Michigan, U.S.A.	50%

+ A non-operating company.

* Included in the consolidated financial statements.

** Accounted for in the consolidated financial statements under the equity method.

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 2-57924, No. 33-54158, No. 33-51655, No. 333-26793, and No. 333-88229) and on Form S-3 (No. 333-19957) of Quaker Chemical Corporation of our report dated March 10, 2000 relating to the financial statements, which appears in the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Philadelphia, PA
March 30, 2000

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<CGS>		141,585
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<INCOME-PRETAX>		27,151
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