UNITED STATES
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, 2008

or

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

For the transition period from to

Commission file number 001-12019

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.)**
One Quaker Park, 901 Hector Street, 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**
Stock Purchase Rights	**New York Stock Exchange**

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

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State aggregate market value of common 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 June 30, 2008): $282,923,092

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of the latest practicable date: 10,917,258 shares of Common Stock, $1.00 Par Value, as of February 28, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 13, 2009 are incorporated by reference into Part III.

PART I

As used in this Report, the terms “Quaker,” the “Company,” “we” and “our” refer to Quaker Chemical Corporation, its subsidiaries, and associated companies, unless the context otherwise requires.

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 (“CMS”). 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 hot 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, achieve closer tolerance, and improve tool life); (v) forming compounds (used to facilitate the drawing and extrusion of metal products); (vi) hydraulic fluids (used by steel, metalworking, and other customers to operate hydraulically activated equipment); (vii) technology for the removal of hydrogen sulfide in various industrial applications; (viii) chemical milling maskants for the aerospace industry and temporary and permanent coatings for metal and concrete products; (ix) construction products, such as flexible sealants and protective coatings, for various applications; and (x) programs to provide chemical management services. Individual product lines representing more than 10% of consolidated revenues for any of the past three years are as follows:

	2008	2007	2006
Rolling lubricants	19.7%	19.8%	21.0%
Machining and grinding compounds	17.7%	17.6%	16.6%
Chemical management services	11.1%	12.2%	10.3%
Hydraulic fluids	11.1%	10.7%	10.8%
Corrosion preventives	10.2%	10.3%	10.6%

A substantial portion of Quaker’s sales worldwide are made directly through its own employees and its CMS programs with the balance being handled through value-added resellers and agents. Quaker employees 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. Quaker makes little use of advertising but relies heavily upon its reputation in the markets which it serves. Generally, separate manufacturing facilities of a single customer are served by different personnel. As part of the Company’s chemical management services, certain third-party product sales to customers are managed by the Company. Where the Company acts as principal, revenues are recognized on a gross reporting basis at the selling price negotiated with the customers. Where the Company acts as an agent, such revenue is recorded using net reporting as service revenues, at the amount of the administrative fee earned by the Company for ordering the goods. Third-party products transferred under arrangements resulting in net reporting totaled $32.2 million, $52.7 million and $62.8 million for 2008, 2007 and 2006, respectively. The Company recognizes revenue in accordance with the terms of the underlying agreements, when title and risk of loss have been transferred, collectability is reasonably assured, and pricing is fixed or determinable. This generally occurs for product sales when products are shipped to customers or, for consignment arrangements, upon usage by the customer and when services are performed. License fees and royalties are recognized in accordance with agreed-upon terms, when performance obligations are satisfied, the amount is fixed or determinable, and collectability is reasonably assured, and are included in other income.

Competition

The chemical specialty industry comprises 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 leading and significant global position (among a group in excess of 25 other suppliers) in the market for process fluids to produce sheet steel. It is also believed that Quaker holds significant global positions in the markets for process fluids in portions of the automotive and industrial markets. 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 that 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

In 2008, Quaker's five largest customers (each composed of multiple subsidiaries or divisions with semi-autonomous purchasing authority) accounted for approximately 28% of its consolidated net sales with the largest customer (Arcelor-Mittal Group) accounting for approximately 10% of consolidated net sales. A significant portion of Quaker's revenues are realized from the sale of process fluids and services 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. Furthermore, steel customers typically have limited manufacturing locations as compared to metalworking customers and generally use higher volumes of products at a single location. Accordingly, the loss or closure of a steel mill or other major customer site can have a material adverse effect on Quaker's business.

Raw Materials

Quaker uses over 1,000 raw materials, including mineral oils and derivatives, animal fats and derivatives, vegetable oils and derivatives, ethylene derivatives, solvents, surface active agents, chlorinated paraffinic compounds, and a wide variety of other organic and inorganic compounds. In 2008, three raw material groups (mineral oils and derivatives, animal fats and derivatives, and vegetable oils and derivatives) each accounted for as much as 10% of the total cost of Quaker's raw material purchases. The price of mineral oil can be affected by the price of crude oil and refining capacity. In addition, animal fat and vegetable oil prices are impacted by increased biodiesel consumption. Accordingly, significant fluctuations in the price of crude oil can have a material effect upon the Company's business. 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 the 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 that are registered throughout its marketing area.

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 continual modification and improvement of formulations to provide chemical specialties to satisfy customer requirements. Quaker maintains quality control laboratory facilities in each of its manufacturing locations. In addition, Quaker maintains in Conshohocken, Pennsylvania, Placentia, California, Santa Fe Springs, California, Uithoorn, The Netherlands and Qingpu, China laboratory facilities that are devoted primarily to applied research and development.

Research and development costs are expensed as incurred. Research and development expenses during 2008, 2007 and 2006 were $16.9 million, $14.6 million and $13.0 million, respectively.

Most of Quaker's subsidiaries and associated companies also have laboratory facilities. Although not as complete as the Conshohocken, Santa Fe Springs, Uithoorn or Qingpu 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 laboratory staff in Conshohocken or Uithoorn.

Regulatory Matters

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 experts, as well as ongoing inspections and training by on-site personnel. Such inspections address operational matters, record keeping, reporting requirements, and capital improvements. In 2008, capital expenditures directed solely or primarily to regulatory compliance amounted to approximately $1.7 million compared to $0.9 million and $0.8 million in 2007 and 2006, respectively. In 2009, the Company expects to incur approximately $1.9 million for capital expenditures directed primarily to regulatory compliance. Incorporated by reference is the information regarding AC Products, Inc. contained in Note 21 of Notes to Consolidated Financial Statements included in Item 8 of this Report.

Number of Employees

On December 31, 2008, Quaker's consolidated companies had 1,377 full-time employees of whom 555 were employed by the parent company and its U.S. subsidiaries and 822 were employed by its non-U.S. subsidiaries. Associated companies of Quaker (in which it owns 50% or less) employed 157 people on December 31, 2008.

Product Classification

The Company's reportable segments are as follows:

(1) *Metalworking process chemicals*—industrial process fluids for various heavy industrial and manufacturing applications.

(2) *Coatings*—temporary and permanent coatings for metal and concrete products and chemical milling maskants.

(3) *Other chemical products*—other various chemical products.

Incorporated by reference is the segment information contained in Note 16 of Notes to Consolidated Financial Statements included in Item 8 of this Report.

Non-U.S. Activities

Since significant revenues and earnings are generated by non-U.S. operations, Quaker's financial results are affected by currency fluctuations, particularly between the U.S. dollar, the E.U. euro, the Brazilian real, and the Chinese renminbi, and the impact of those currency fluctuations on the underlying economies. Incorporated by reference is the foreign exchange risk information contained in Item 7A of this Report and the geographic information in Note 16 of Notes to Consolidated Financial Statements included in Item 8 of this Report.

Quaker on the Internet

Financial results, news and other information about Quaker can be accessed from the Company's Web site at http://www.quakerchem.com. This site includes important information on products and services, financial reports, news releases, and career opportunities. The Company's periodic and current reports on Forms 10-K, 10-Q and 8-K, including exhibits and supplemental schedules filed therewith, and amendments to those reports, filed with the Securities and Exchange Commission ("SEC") are available on the Company's Web site, free of charge, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information that can be accessed through the Company's Web site is not incorporated by reference in this Report and, accordingly, you should not consider that information part of this Report.

Factors that May Affect Our Future Results

(Cautionary Statements under the Private Securities Litigation Reform Act of 1995)

Certain information included in this Report and other materials filed or to be filed by Quaker with the SEC (as well as information included in oral statements or other written statements made or to be made by us) contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including:

- statements relating to our business strategy;
- our current and future results and plans; and
- statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan" or similar expressions.

Such statements include information relating to current and future business activities, operational matters, capital spending, and financing sources. From time to time, oral or written forward-looking statements are also included in Quaker's periodic reports on Forms 10-Q and 8-K, press releases, and other materials released to the public.

Any or all of the forward-looking statements in this Report, in Quaker's Annual Report to Shareholders for 2008, and in any other public statements we make may turn out to be wrong. This can occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Report will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in Quaker's subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. These forward-looking statements are subject to risks, uncertainties and assumptions about us and our operations that are subject to change based on various important factors, some of which are beyond our control. A major risk is that the Company's demand is largely derived from the demand for its customers' products, which subjects the Company to uncertainties related to downturns in a customer's business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, worldwide economic and political conditions, foreign currency fluctuations, and terrorist attacks such as those that occurred on September 11, 2001, each of which is discussed in greater detail in Item 1A of this Report. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance, and durable goods manufacturers. These risks, uncertainties, and possible inaccurate assumptions relevant to our business could cause our actual results to differ materially from expected and historical results. Other factors beyond those discussed in this Report could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Item 1A. *Risk Factors*

Changes to the industries and markets that Quaker serves could have a material adverse effect on the Company's liquidity, financial position, and results of operations.

The chemical specialty industry comprises a number of companies of similar size as well as companies larger and smaller than Quaker. It is estimated that Quaker holds a leading global position in the markets for process fluids to produce sheet steel and in portions of the automotive and industrial markets. The industry is highly competitive, and a number of companies with significant financial resources and/or customer relationships compete with us to provide similar products and services. Our competitors may be positioned to offer more favorable pricing and service terms, resulting in reduced profitability and loss of market share for us. Historically, competition in the industry has been based primarily on the ability to provide products that meet the needs of the customer and render technical services and laboratory assistance to the customer and, to a lesser extent, on price. Success factors critical to the Company's business include successfully differentiating the Company's offering from its competition, operating efficiently and profitably as a globally integrated whole, and increasing market share and customer penetration through internally developed business programs and strategic acquisitions.

The business environment in which the Company operates remains challenging. The Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance, and durable goods manufacturers. A major risk is that the Company's demand is largely derived from the demand for its customers' products, which subjects the Company to uncertainties related to downturns in our customers' business and unanticipated customer production shutdowns or curtailments such as those being experienced currently. Customer production within the steel and automotive industries has been slowing globally. This is further impacted by the loss of market share of certain of the Company's automotive customers in the U.S. and European markets. In addition, consolidation in the steel industry is concentrating sales among certain of the Company's key customers. The Company has limited ability to adjust its cost level contemporaneously with changes in sales and gross margins. Thus, a significant downturn in sales or gross margins due to weak end-user markets, loss of a significant customer, and/or rising raw material costs could have a material adverse effect on the Company's liquidity, financial position, and results of operations.

Our business depends on attracting and retaining qualified management personnel.

The unanticipated departure of any key member of our management team could have an adverse effect on our business. Given the relative size of the Company and the breadth of its global operations, there are a limited number of qualified management personnel to assume the responsibilities of management level employees should there be management turnover. In addition, because of the specialized and technical nature of our business, our future performance is dependent on the continued service of, and our ability to attract and retain qualified management, commercial and technical personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel.

Inability to obtain sufficient price increases or contract concessions to offset increases in the costs of raw material could have a material adverse effect on the Company's liquidity, financial position, and results of operations. Price increases implemented could result in the loss of sales.

Quaker uses over 1,000 raw materials, including mineral oils and derivatives, animal fats and derivatives, vegetable oils and derivatives, ethylene derivatives, solvents, surface active agents, chlorinated paraffinic compounds, and a wide variety of other organic and inorganic compounds. In 2008, three raw material groups (mineral oils and derivatives, animal fats and derivatives, and vegetable oils and derivatives) each accounted for as much as 10% of the total cost of Quaker's raw material purchases. The price of mineral oil can be affected by the price of crude oil and refining capacity. In addition, many of the raw materials used by Quaker are "commodity" chemicals. Accordingly, Quaker's earnings can be affected by market changes in raw material prices.

Over the past three years, Quaker has experienced significant increases in its raw material costs, particularly crude oil derivatives. For example, the price of crude oil averaged $100 per barrel in 2008 versus $72 in 2007 and $66 in 2006. In addition, refining capacity has also been constrained by various factors, which further contributed to higher raw material costs and negatively impacted margins. Animal fat and vegetable oil prices have been impacted by increased biodiesel consumption. In response, the Company has aggressively pursued price increases to offset the increased raw material costs. Although the Company has been successful in recovering a substantial amount of the raw material cost increases, it has experienced competitive as well as contractual constraints limiting pricing actions. In addition, as a result of the Company's pricing actions, customers may become more likely to consider competitors' products, some of which may be available at a lower cost. Significant loss of customers could result in a material adverse effect on the Company's results of operations.

Bankruptcy of a significant customer could have a material adverse effect on our liquidity, financial position, and results of operations.

During 2008, our five largest customers (each composed of multiple subsidiaries or divisions with semi-autonomous purchasing authority) together accounted for approximately 28% of our consolidated net sales with the largest customer (Arcelor-Mittal Group) accounting for approximately 10% of consolidated net sales.

A significant portion of Quaker's revenues is derived from sales to customers in the U.S. steel and automotive industries, where a number of bankruptcies occurred during recent years and companies have experienced financial difficulties. As part of the bankruptcy process, the Company's pre-petition receivables may not be realized, customer manufacturing sites may be closed or contracts voided. The bankruptcy of a major customer could have a material adverse effect on the Company's liquidity, financial position, and results of operations. Steel customers typically have limited manufacturing locations as compared to metalworking customers and generally use higher volumes of products at a single location. The loss or closure of a steel mill or other major customer site of a significant customer could have a material adverse effect on Quaker's business.

Failure to comply with any material provisions of our credit facility and other debt agreements could have a material adverse effect on our liquidity, financial position, and results of operations.

The Company maintains a $125.0 million unsecured credit facility (the "Credit Facility") with a group of lenders, which can be increased to $175.0 million at the Company's option if lenders agree to increase their commitments and the Company satisfies certain conditions. The Credit Facility, which matures in 2012, provides the availability of revolving credit borrowings. In general, the borrowings under the Credit Facility bear interest at either a base rate or LIBOR rate plus a margin based on the Company's consolidated leverage ratio.

The Credit Facility contains limitations on capital expenditures, investments, acquisitions and liens, as well as default provisions customary for facilities of its type. While these covenants and restrictions are not currently considered to be overly restrictive, they could become more difficult to comply with as our business or financial conditions change. In addition, deterioration in the Company's results of operations or financial position could significantly increase borrowing costs. As discussed in a Current Report on Form 8-K filed on February 20, 2009, the Company has also amended its Credit Facility to provide covenant relief related to the 2008 and 2009 restructuring programs and the CEO transition costs. In addition, the amendment temporarily increases the maximum permitted leverage ratio from 3.5 to 4.0 during the period from June 30, 2009 to September 30, 2009, and to 3.75 during the period from December 31, 2009 to March 31, 2010. In February 2009, the Company also amended two Industrial Revenue Bonds totaling $15.0 million to provide for the same changes in terms as the Credit Facility.

Quaker is exposed to market rate risk for changes in interest rates, due to the variable interest rates applied to the Company's borrowings under its Credit Facility. Accordingly, if interest rates rise significantly, the cost of debt to Quaker will increase, perhaps significantly, depending on the extent of Quaker's borrowings under the Credit Facility. At December 31, 2008, the Company had $71.5 million outstanding under the Credit Facility. The Company has entered into interest rate swaps in order to fix a portion of its variable rate debt and mitigate the risks associated with higher interest rates. The combined notional value of the swaps was $40.0 million at December 31, 2008.

Failure to generate taxable income could have a material adverse effect on our financial position and results of operations.

At December 31, 2008, the Company had net U.S. deferred tax assets totaling $15.8 million, excluding deferred tax assets relating to additional minimum pension liabilities. In addition, at that date, the Company had $6.1 million in operating loss carryforwards primarily related to certain of its foreign operations. The Company records valuation allowances when necessary to reduce its deferred tax assets to the amount that is more likely than not to be realized. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. However, in the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax asset would be a non-cash charge to income in the period such determination was made, which could have a material adverse effect on the Company's financial statements. The Company continues to closely monitor this situation as it relates to its net deferred tax assets and the assessment of valuation allowances.

Environmental laws and regulations and pending legal proceedings may materially and adversely affect the Company's liquidity, financial position, and results of operations.

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. An adverse result in one or more matters could materially and adversely affect the Company's liquidity, financial position, and results of operations. Incorporated herein by reference is the information concerning pending asbestos-related litigation against an inactive subsidiary and amounts accrued associated with certain environmental non-capital remediation costs in Note 21 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

We might not be able to timely develop, manufacture and gain market acceptance of new and enhanced products required to maintain or expand our business.

We believe that our continued success depends on our ability to continuously develop and manufacture new products and product enhancements on a timely and cost-effective basis, in response to customers' demands for higher performance process chemicals, coatings and other chemical products. Our competitors may develop new products or enhancements to their products that offer performance, features and lower prices that may render our products less competitive or obsolete and, as a consequence, we may lose business and/or significant market share. The development and commercialization of new products requires significant expenditures over an extended period of time, and some products that we seek to develop may never become profitable. In addition, we may not be able to develop and introduce products incorporating new technologies in a timely manner that will satisfy our customers' future needs or achieve market acceptance.

The scope of our international operations subjects the Company to risks, including risks from changes in trade regulations, currency fluctuations, and political and economic instability.

Since significant revenues and earnings are generated by non-U.S. operations, Quaker's financial results are affected by currency fluctuations, particularly between the U.S. dollar, the E.U. euro, the Brazilian real, and the Chinese renminbi, and the impact of those currency fluctuations on the underlying economies. During the past three years, sales by non-U.S. subsidiaries accounted for approximately 56% to 59% of the annual consolidated net sales. All of these operations use the local currency as their functional currency. The Company generally does not use financial instruments that 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 attendant net assets. Therefore, as exchange rates vary, Quaker's results can be materially affected. Incorporated by reference is the foreign exchange risk information contained in Item 7A of this Report and the geographic information in Note 16 of Notes to Consolidated Financial Statements included in Item 8 of this Report.

Additional risks associated with the Company's international operations include but are not limited to the following:

- Changes in economic conditions from country to country,
- Changes in a country's political condition,
- Trade protection measures,
- Licensing and other legal requirements,
- Local tax issues,
- Longer payment cycles in certain foreign markets,
- Restrictions on the repatriation of our assets, including cash,
- Significant foreign and United States taxes on repatriated cash,
- The difficulties of staffing and managing dispersed international operations,
- Less protective foreign intellectual property laws, and
- Legal systems which may be less developed and predictable than those in the United States.

Terrorist attacks, or other acts of violence or war may affect the markets in which we operate and our profitability.

Terrorist attacks may negatively affect our operations. There can be no assurance that there will not be further terrorist attacks against the U.S. or U.S. businesses. Terrorist attacks or armed conflicts may directly impact our physical facilities or those of our suppliers or customers. Additional terrorist attacks may disrupt the global insurance and reinsurance industries with the result that we may not be able to obtain insurance at historical terms and levels for all of our facilities. Furthermore, additional attacks may make travel and the transportation of our supplies and products more difficult and more expensive and ultimately affect the sales of our products. The consequences of terrorist attacks or armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

Item 1B. *Unresolved Staff Comments.*

None.

Item 2. ***Properties.***

Quaker's corporate headquarters and a laboratory facility are located in Conshohocken, Pennsylvania. Quaker's other principal facilities are located in Detroit, Michigan; Middletown, Ohio; Placentia, California; Santa Fe Springs, California; Uithoorn, The Netherlands; Santa Perpetua de Mogoda, Spain; Rio de Janeiro, Brazil; Tradate, Italy; and Qingpu, China. All of the properties except Placentia, California and Santa Fe Springs, California are used by the metalworking process chemicals segment. The Placentia, California and Santa Fe Springs, California properties are used by the coatings segment. With the exception of the Conshohocken, Placentia, Santa Fe Springs and Tradate sites, which are leased, all of these principal facilities are owned by Quaker and as of December 31, 2008 were mortgage free. Quaker also leases sales, laboratory, manufacturing, and warehouse facilities in other locations.

Quaker's aforementioned principal facilities (excluding Conshohocken) consist of various manufacturing, administrative, warehouse, and laboratory buildings. Substantially all of the buildings (including Conshohocken) 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 that are implemented as management considers necessary or desirable. Most locations have various numbers of raw material storage tanks ranging from 7 to 66 at each location with a capacity ranging from 1,000 to 82,000 gallons and processing or manufacturing vessels ranging in capacity from 15 to 16,000 gallons.

In November 2006, the Company's former Chinese joint venture partner purchased the Wuxi joint venture's manufacturing facility, and production was transferred to the Company's Qingpu, China facility during 2007.

Each of Quaker's 50% or less owned non-U.S. associated companies owns or leases 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. For information concerning pending asbestos-related litigation against an inactive subsidiary and amounts accrued associated with certain environmental non-capital remediation costs, reference is made to Note 21 of Notes to Consolidated Financial Statements, included in Item 8 of this Report, which is incorporated herein by this reference. The Company is a party to other litigation which management currently believes will not have a material adverse effect on the Company's results of operations, cash flow, or financial condition.

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.

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

Set forth below are the executive officers of the Company. Each of the executive officers, with the exception of Mr. Hill, is elected annually to a one-year term. Mr. Hill is considered an executive officer in his capacity as principal accounting officer for purposes of this item.

Name, Age, and Present Position with the Company	Business Experience During Past Five Years and Period Served as an Officer
Michael F. Barry, 50 Chief Executive Officer, President and Director	Mr. Barry was elected to his current position on October 4, 2008. Prior to assuming his present position he served as Senior Vice President and Managing Director—North America from January 2006 to October 3, 2008. He was Senior Vice President and Global Industry Leader—Metalworking and Coatings from July 2005 through December 2005. He was Vice President and Global Industry Leader—Industrial Metalworking and Coatings from January 2004 through June 2005 and Vice President and Chief Financial Officer from 1998 to August 2004.
Mark A. Featherstone, 47 Vice President, Chief Financial Officer and Treasurer	Mr. Featherstone was elected Chief Financial Officer and Treasurer in April 2007 and has served as Vice President since March 2005. He was Global Controller from May 2001 to April 2007.
D. Jeffry Benoliel, 50 Vice President—Global Strategy, General Counsel and Corporate Secretary	Mr. Benoliel assumed his current position as Vice President—Global Strategy, General Counsel and Corporate Secretary on October 4, 2008. He served as Vice President, Secretary and General Counsel from 2001 through September 2008.
Jose Luiz Bregolato, 63 Vice President and Managing Director—South America	Mr. Bregolato has served in his current position since 1993.
George H. Hill, 34 Global Controller	Mr. Hill assumed his current position in April 2007. He was Assistant Global Controller from May 2004 until April 2007 and was Manager, Financial Reporting from October 2002 to May 2004.
Joseph F. Matrange, 67 Vice President—Global Coatings	Mr. Matrange was elected Vice President—Global Coatings, effective October 4, 2008. He has also served as President of AC Products, Inc., a California subsidiary, since October 2000, and Epmar Corporation, a California subsidiary, since April 2002.
Jan F. Nieman, 48 Vice President and Managing Director—Asia/Pacific	Mr. Nieman was elected Vice President in February 2005, and has held the position of Managing Director, Asia/Pacific since August 2003.
Wilbert Platzer, 47 Vice President and Managing Director—Europe	Mr. Platzer assumed his current position in January 2006. He served as Vice President—Global Industrial Metalworking from July 2005 through December 2005 and was Vice President—Worldwide Operations from January 2001 through June 2005.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.***

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 most recent fiscal years, the range of high and low sales prices for the common stock as reported on the NYSE composite tape (amounts rounded to the nearest penny), and the quarterly dividends declared and paid:

	Price Range				Dividends Declared		Dividends Paid	
	2008		2007					
	High	Low	High	Low	2008	2007	2008	2007
First quarter	$ 31.93	$ 15.27	$ 24.18	$ 21.01	$ 0.23	$ 0.215	$ 0.215	$ 0.215
Second quarter	33.45	25.79	24.74	22.10	0.23	0.215	0.23	0.215
Third quarter	33.82	24.21	25.00	19.25	0.23	0.215	0.23	0.215
Fourth quarter	29.41	10.19	24.40	19.67	0.23	0.215	0.23	0.215

There are no restrictions that currently limit the Company's ability to pay dividends. If a default under the Company's primary credit facility were to occur and continue, the payment of dividends would be prohibited. Reference is made to the "Liquidity and Capital Resources" disclosure contained in Item 7 of this Report.

As of January 16, 2009, there were 911 shareholders of record of the Company's common stock, its only outstanding class of equity securities.

Every holder of Quaker common stock is entitled to one vote or ten votes for each share held of record on any record date depending on how long each share has been held. As of January 16, 2009, 10,833,429 shares of Quaker common stock were issued and outstanding. Based on the information available to the Company on January 16, 2009, the holders of 1,946,897 shares of Quaker common stock would have been entitled to cast ten votes for each share, or approximately 69% of the total votes that would have been entitled to be cast as of that record date and the holders of 8,886,532 shares of Quaker common stock would have been entitled to cast one vote for each share, or approximately 31% of the total votes that would have been entitled to be cast as of that date. The number of shares that are indicated as entitled to one vote includes those shares presumed to be entitled to only one vote. Because the holders of these shares may rebut this presumption, the total number of votes entitled to be cast as of January 16, 2009 could be more than 28,355,502.

Reference is made to the information in Item 12 of this Report under the caption "Equity Compensation Plans," which is incorporated herein by this reference.

The following table sets forth information concerning shares of the Company's common stock acquired by the Company during the fourth quarter of the fiscal year covered by this Report, all of which were acquired from employees in payment of the exercise price of employee stock options exercised during the period.

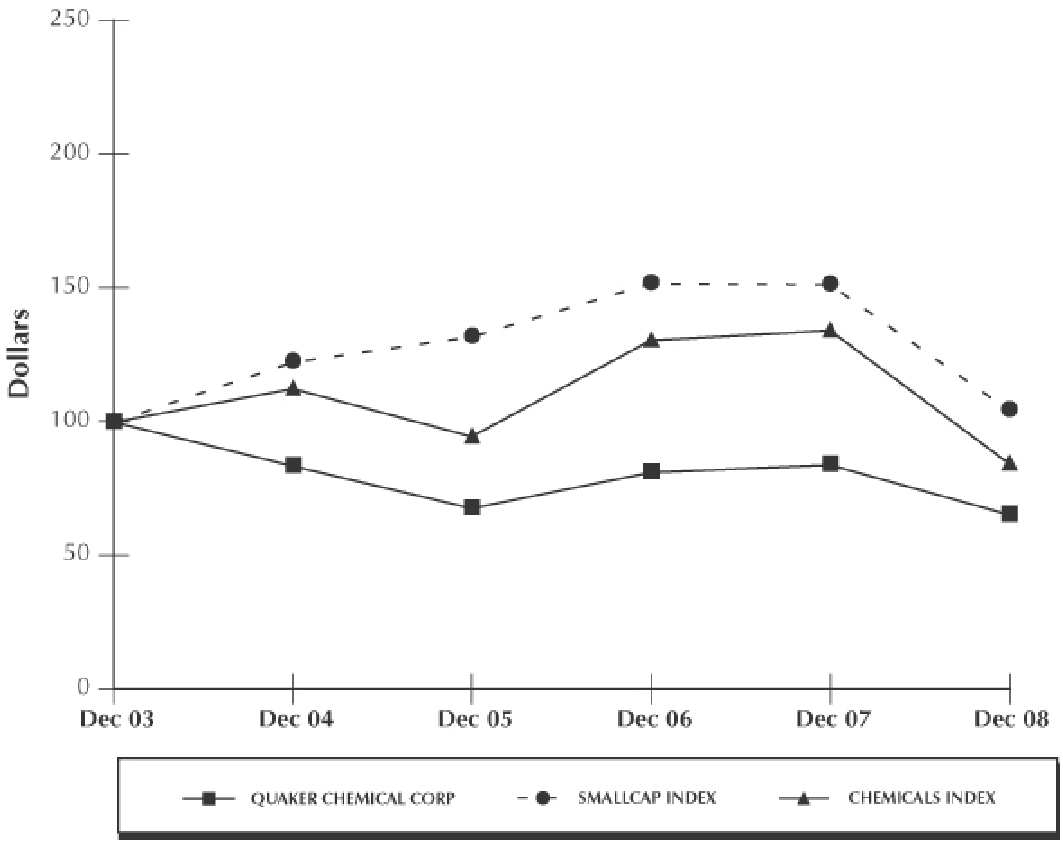
Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs[1]
October 1 – October 31	—	$ —	—	252,600
November 1 – November 30	—	$ —	—	252,600
December 1 – December 31	—	$ —	—	252,600
Total	—	$ —	—	252,600

(1) On February 15, 1995, the Board of Directors of the Company authorized a share repurchase program authorizing the repurchase of up to 500,000 shares of Quaker common stock, and, on January 26, 2005, the Board authorized the repurchase of up to an additional 225,000 shares. Under the 1995 action of the Board, 27,600 shares may yet be purchased. Under the 2005 action of the Board, none of the shares authorized has been purchased and, accordingly, all of those shares may yet be purchased. Neither of the share repurchase authorizations has an expiration date.

The following graph compares the cumulative total return (assuming reinvestment of dividends) from December 31, 2003 to December 31, 2008 for (i) Quaker's common stock, (ii) the S&P SmallCap 600 Stock Index (the "SmallCap Index") and (iii) the S&P Chemicals (Specialty) Index-SmallCap (the "Chemicals Index"). The graph assumes the investment of $100 on December 31, 2003 in each of Quaker's common stock, the stocks comprising the SmallCap Index, and the stocks comprising the Chemicals Index.

COMPARISON OF CUMULATIVE FIVE–YEAR TOTAL RETURN



	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Quaker	$100	$83.62	$67.74	$81.21	$84.04	$65.34
SmallCap Index	100	122.65	132.07	152.04	151.59	104.48
Chemicals Index	100	112.61	94.60	130.81	134.48	84.47

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Item 6. ***Selected Financial Data.***

The following table sets forth selected financial information for the Company and its consolidated subsidiaries:

	2008(1)	2007(2)	2006	2005(3)	2004
	(In thousands, except per share amounts)				
Summary of Operations:					
Net sales	$ 581,641	$ 545,597	$ 460,451	$ 424,033	$ 400,695
Income before taxes, equity income and minority interest	16,629	22,735	18,440	6,615	17,457
Net income	11,132	15,471	11,667	1,688	8,974
Per share:					
Net income-basic	$ 1.07	$ 1.55	$ 1.19	$ 0.17	$ 0.93
Net income-diluted	1.05	$ 1.53	1.18	0.17	0.90
Dividends declared	0.92	0.86	0.86	0.86	0.86
Dividends paid	0.905	0.86	0.86	0.86	0.855
Financial Position:					
Working capital	$ 116,962	$ 107,150	$ 96,062	$ 79,105	$ 45,569
Total assets	385,439	399,049	357,382	331,995	324,893
Long-term debt	84,236	78,487	85,237	67,410	14,848
Shareholders’ equity	125,923	130,393	110,831	105,907	122,587

Following amounts in thousands

(1) The results for operations for 2008 include a net pre-tax charge for restructuring and related activities of $2,916; a pre-tax charge of $3,505 for the incremental charges related to the retirement of the Company’s Chief Executive Officer; offset by a net arbitration award of $956 related to litigation with one of the former owners of the Company’s Italian subsidiary; a tax refund of $460 relating to the Company’s increased investment in China; and a $1,508 tax benefit from the derecognition of various FIN 48 uncertain tax positions due to the expiration of applicable statutes of limitations and resolution of tax audits for certain tax years.

(2) The results of operation for 2007 include a pre-tax environmental charge of $3,300 for the settlement of the ACP litigation and ongoing remediation activities at the site; a pre-tax charge of $701 related to a discontinued strategic initiative; a pre-tax charge of $487 related to certain customer bankruptcies; a tax refund of $665 relating to the Company’s increased investment in China; a non-cash out-of-period tax benefit adjustment of $993 primarily related to deferred tax accounting for the Company’s foreign pension plans; and a $391 tax charge related to the revaluation of deferred tax assets as a result of a tax law change.

(3) The results of operation for 2005 include a net pre-tax charge for restructuring and related activities of $10,320, proceeds from the sale of real estate by the Company’s real estate joint venture of $4,187, and a $1,000 tax charge associated with the repatriation of accumulated earnings of its foreign subsidiaries.

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

Executive Summary

Quaker Chemical Corporation is a leading global provider of process chemicals, chemical specialties, services, and technical expertise to a wide range of industries—including steel, automotive, mining, aerospace, tube and pipe, coatings and construction materials. Our products, technical solutions, and chemical management services enhance our customers' processes, improve their product quality, and lower their costs.

The revenue growth of 7% in 2008 was largely due to selling price increases and favorable foreign exchange rate translation, as volume declines occurred in all the Company's regions except China. The majority of the volume decline occurred during the fourth quarter of 2008, as the global economic downturn began to impact the Company. Although higher selling prices helped to partially offset higher raw material costs, gross margin as a percentage of sales declined compared to 2007. The Company's selling, general and administrative expenses ("SG&A") as a percentage of sales declined to 23.5% in 2008, from 25.5% in 2007. The decline in SG&A as a percent of sales was largely reflective of higher sales, significantly lower incentive compensation cost and lower legal and environmental costs.

The full year 2008 results included some unusual items. A $2.9 million restructuring charge was taken in response to the dramatic volume declines in the U.S. and Europe with the goal of reducing operating costs in those regions. The results also included $3.5 million of incremental charges related to the previously announced retirement of the Company's Chief Executive Officer. Other income for 2008 includes a net arbitration award of approximately $1.0 million, related to litigation with one of the former owners of the Company's Italian subsidiary. The effective tax rate includes a $0.5 million refund of taxes in China as a result of the Company's increased investment and $1.5 million of benefit from the derecognition of various FIN 48 uncertain tax positions due to the expiration of applicable statutes of limitations and resolution of tax audits for certain tax years.

In a further effort to reduce operating costs as volume declines continued in the U.S. and Europe and extended to other regions, Quaker implemented an additional restructuring program in the first quarter of 2009 which is expected to include provisions for severance for approximately 50 employees totaling approximately $2.5 million to $3.0 million. As discussed in a Current Report on Form 8-K filed on February 20, 2009, the Company has amended its credit facility to provide covenant relief related to the 2008 and 2009 restructuring programs and the CEO transition costs. In addition, the amendment temporarily increases the maximum permitted leverage ratio from 3.5 to 4.0 during the period from June 30, 2009 to September 30, 2009, and to 3.75 during the period from December 31, 2009 to March 31, 2010. In February 2009, the Company also amended two Industrial Revenue Bonds totaling $15.0 million to provide for the same changes in terms as the credit facility.

The full year 2007 results included some unusual items as well. A $3.3 million environmental charge was taken related to the settlement of environmental litigation involving AC Products, Inc. ("ACP"), a wholly owned subsidiary of Quaker, as well as additional costs for the estimated future remediation costs. A $0.7 million charge related to a discontinued strategic initiative and a $0.5 million charge related to certain customer bankruptcies were also taken. The effective tax rate includes a $0.7 million refund of taxes in China as a result of the Company's increased investment and a non-cash out-of-period tax benefit adjustment of $1.0 million related to certain deferred tax items, as well as a $0.4 million charge related to the revaluation of deferred tax assets due to a tax law change.

The net result was earnings per diluted share of $1.05, down from $1.53 for 2007. The dramatic volume declines in the fourth quarter resulted in a loss for that quarter, which negatively impacted an otherwise strong result for the first nine months of 2008. Visibility of the underlying business activity remains limited due to an uncertain global economic environment, as further discussed below in Liquidity and Capital Resources. In addition, raw material prices, which have remained at high levels despite recent declines in crude oil prices, have not been fully recovered through pricing actions. Any improvement in gross margin as a percentage of sales will depend in part upon a sustained period of stable or declining raw material costs. Demand is expected to remain soft in the first half of 2009 due to the global economic environment and customer end-market issues, particularly related to our steel and automotive customers. The Company will remain focused on pursuing revenue opportunities, managing its raw material costs and its cost reduction activities.

Critical Accounting Policies and Estimates

Quaker's discussion and analysis of its financial condition and results of operations are based upon Quaker's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Quaker to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Quaker evaluates its estimates, including those related to customer sales incentives, product returns, bad debts, inventories, property, plant, and equipment, investments, goodwill, intangible assets, income taxes, financing operations, restructuring, incentive compensation plans (including equity-based compensation), pensions and other postretirement benefits, and contingencies and litigation. Quaker bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Quaker believes the following critical accounting policies describe the more significant judgments and estimates used in the preparation of its consolidated financial statements:

1. Accounts receivable and inventory reserves and exposures—Quaker establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Quaker's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As part of its terms of trade, Quaker may custom manufacture products for certain large customers and/or may ship product on a consignment basis. Further, a significant portion of Quaker's revenues is derived from sales to customers in the U.S. steel and automotive industries, where a number of bankruptcies have occurred during recent years and companies have experienced financial difficulties. When a bankruptcy occurs, Quaker must judge the amount of proceeds, if any, that may ultimately be received through the bankruptcy or liquidation process. These matters may increase the Company's exposure should a bankruptcy occur, and may require write down or disposal of certain inventory due to its estimated obsolescence or limited marketability. Reserves for customers filing for bankruptcy protection are generally established at 75-100% of the amount outstanding at the filing date, dependent on the Company's evaluation of likely proceeds from the bankruptcy process. Large and/or financially distressed customers are generally reserved for on a specific review basis while a general reserve is established for other customers based on historical experience. The Company's consolidated allowance for doubtful accounts was $3.5 million and $3.1 million at December 31, 2008 and 2007, respectively. Further, the Company recorded provisions for doubtful accounts of $1.1 million, $0.0 million and $0.0 million in 2008, 2007 and 2006 respectively. An increase of 10% to the recorded provisions would have decreased the Company's pre-tax earnings by $0.1 million, $0.0 million and $0.0 million in 2008, 2007 and 2006, respectively.

2. Environmental and litigation reserves—Accruals for environmental and litigation 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 extend the life, increase the capacity or improve the safety or efficiency of the property from the date acquired or constructed, and/or mitigate or prevent contamination in the future. Estimates for accruals for environmental matters are based on a variety of potential technical solutions, governmental regulations and other factors, and are subject to a large range of potential costs for remediation and other actions. A considerable amount of judgment is required in determining the most likely estimate within the range, and the factors determining this judgment may vary over time. Similarly, reserves for litigation and

similar matters are based on a range of potential outcomes and require considerable judgment in determining the most probable outcome. If no amount within the range is considered more probable than any other amount, the Company accrues the lowest amount in the range in accordance with generally accepted accounting principles. An inactive subsidiary of the Company is involved in asbestos litigation. If the Company ever concludes that it is probable it will be liable for any of the obligations of such subsidiary, then it will record the associated liabilities if they can be reasonably estimated. The Company will reassess this situation periodically in accordance with SFAS No. 5, “Accounting for Contingencies.” See Note 21 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

3. Realizability of equity investments—Quaker holds equity investments in various foreign companies, whereby it has the ability to influence, but not control, the operations of the entity and its future results. Quaker records an investment impairment charge when it believes an investment has experienced a decline in value that is other than temporary. Future adverse changes in market conditions, poor operating results of underlying investments, or devaluation of foreign currencies could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment’s current carrying value. These factors may result in an impairment charge in the future. The carrying amount of the Company’s equity investments at December 31, 2008 was $8.0 million and was comprised of three investments totaling $4.8 million, $1.9 million and $1.3 million, respectively.

4. Tax exposures, valuation allowances and uncertain tax positions—Quaker records expenses and liabilities for taxes based on estimates of amounts that will be ultimately determined to be deductible in tax returns filed in various jurisdictions. The filed tax returns are subject to audit, often several years subsequent to the date of the financial statements. Disputes or disagreements may arise during audits over the timing or validity of certain items or deductions, which may not be resolved for extended periods of time. Quaker adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (“FIN 48”) on January 1, 2007. FIN 48 applies to all income tax positions taken on previously filed tax returns or expected to be taken on a future tax return. FIN 48 prescribes a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement. FIN 48 also requires that the amount of interest expense and income to be recognized related to uncertain tax positions be computed by applying the applicable statutory rate of interest to the difference between the tax position recognized in accordance with FIN 48, including timing differences, and the amount previously taken or expected to be taken in a tax return. Quaker also records valuation allowances when necessary to reduce its deferred tax assets to the amount that is more likely than not to be realized. While Quaker has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event Quaker were to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should Quaker determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made which could have a material adverse impact on the Company’s financial statements. 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 needs and growth initiatives. U.S. and foreign income taxes that would be payable if such earnings were distributed may be lower than the amount computed at the U.S. statutory rate due to the availability of foreign tax credits.

5. Restructuring liabilities—Restructuring charges may consist of charges for employee severance, rationalization of manufacturing facilities and other items. In July 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities” and the Company adopted the provisions of SFAS No. 146 effective for exit or disposal activities initiated after December 31, 2002. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred.

6. Goodwill and other intangible assets—Goodwill and other intangible assets are evaluated in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Intangible assets, which do not have indefinite lives, are recorded at fair value and amortized on a straight-line basis over the life of the intangible asset based on third-party valuations of the assets. Goodwill and intangible assets, which have indefinite lives, are not amortized and are required to be assessed at least annually for impairment. The Company compares the assets' fair value to their carrying value primarily based on future discounted cash flows in order to determine if an impairment charge is warranted. The estimates of future cash flows involve considerable management judgment and are based upon assumptions about expected future operating performance. Assumptions used in these forecasts are consistent with internal planning. The actual cash flows could differ from management's estimates due to changes in business conditions, operating performance, and economic conditions. The Company completed its annual impairment assessment as of the end of the third quarter 2008, and no impairment charge was warranted. The Company's consolidated goodwill and indefinite-lived intangible assets at December 31, 2008 and 2007 were $41.6 million and $44.4 million, respectively. The Company's assumption of weighted average cost of capital and estimated future net operating profit after tax (NOPAT) are particularly important in determining whether an impairment charge has been incurred. The Company currently uses a weighted average cost of capital of 12% and, at September 30, 2008, this assumption would have had to increase by more than 4.7 percentage points before any of the Company's reporting units would fail step one of the SFAS No. 142 impairment analysis. Further, at September 30, 2008, the Company's estimate of future NOPAT would have had to decrease by more than 28% before any of the Company's reporting units would be considered potentially impaired. Given the downturn in general worldwide economic conditions, the Company reevaluated its interim impairment testing at year-end, which did not require any changes to the Company's previous conclusion.

7. Postretirement benefits—The Company provides certain pension and other postretirement benefits to employees and retirees. Independent actuaries, in accordance with accounting principles generally accepted in the United States, perform the required valuations to determine benefit expense and, if necessary, non-cash charges to equity for additional minimum pension liabilities. Critical assumptions used in the actuarial valuation include the weighted average discount rate, rates of increase in compensation levels, and expected long-term rates of return on assets. If different assumptions were used, additional pension expense or charges to equity might be required. The Company's pension plan year-end is November 30, and the measurement date is December 31. The following table highlights the potential impact on the Company's pre-tax earnings due to changes in assumptions with respect to the Company's pension plans, based on assets and liabilities at December 31, 2008:

	1/2 Percentage Point Increase			1/2 Percentage Point Decrease		
	Foreign	**Domestic**	**Total**	**Foreign**	**Domestic**	**Total**
			(Dollars in millions)			
Discount rate	$ (0.4)	$ (0.1)	$(0.5)	$ 0.5	$ 0.1	$0.6
Expected rate of return on plan assets	$ (0.2)	$ (0.2)	$(0.4)	$ 0.2	$ 0.2	$0.4

Recently Issued Accounting Standards

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations (FAS 141(R))" and SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, as amendment of ARB No. 51 (FAS 160)." FAS 141(R) will significantly change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. Some of the changes, such as the accounting for contingent consideration, will introduce more volatility into earnings. FAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. FAS 141(R) will be applied prospectively. FAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of FAS 160 shall be applied prospectively. FAS 141(R) and FAS 160 are effective for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the impact of these standards on its financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standard No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities." SFAS 161 requires expanded disclosure about the Company's hedging activities and use of derivative instruments in its hedging activities. SFAS 161 is effective for fiscal years beginning on or after November 15, 2008 and for interim periods within those fiscal years. The Company is currently assessing the impact of this standard on its financial statements.

In June 2008, the FASB issued FASB Staff Position, FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." FSP EITF 03-6-1 changes the way earnings per share is calculated for share-based payments that have not vested. FSP EITF 03-6-1 is effective for fiscal years beginning on or after December 15, 2008 and for interim periods within those fiscal years. The Company is currently assessing the impact of this standard on its financial statements.

In October 2008, the FASB issued FASB Staff Position FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active ("FSP 157-3")." FSP 157-3 clarifies the application of SFAS 157, which the Company adopted as of January 1, 2008, in cases where a market is not active. The Company has considered the guidance provided by FSP 157-3 in its determination of estimated fair values as of December 31, 2008, and the impact was not material.

Liquidity and Capital Resources

Quaker's cash and cash equivalents increased to $20.9 million at December 31, 2008 from $20.2 million at December 31, 2007. The $0.7 million increase resulted primarily from $13.4 million of cash provided by operating activities, $9.4 million of cash provided by financing activities, offset in part by $20.2 million of cash used in investing activities.

Net cash flows provided by operating activities were $13.4 million in 2008, compared to $27.5 million in 2007. Lower net income and a net increase in working capital were the primary drivers for the decrease in cash flow from operations. The $27.5 million of cash flow from operations in 2007 was a near record level for the Company. The Company remains focused on limiting the pace of its investment in working capital despite significant factors impacting the working capital accounts throughout 2008. The reduction in accounts receivable is reflective of the fourth quarter sales volume declines due to the global economic downturn. This reduced business activity is also seen in a reduction in inventory with more than offsetting cash outflows in accounts payable and other accrued liabilities. Significantly reduced incentive compensation costs is the most significant factor other than reduced business activity affecting the accounts payable and other accrued liabilities comparison. In 2007, the Company exceeded performance targets, while in 2008, results were below target levels. Further, the Company incurred significantly more stock-based compensation in 2008 versus the prior year largely due to the previously announced retirement of the Company's Chief Executive Officer. However, the change in cash inflows from increased stock-based compensation was offset by the 2007 environmental charges, discussed below.

Net cash flows used in investing activities were $20.2 million in 2008, compared to $9.4 million in 2007. The increased use of cash was primarily related to the restricted proceeds received from the Company's second quarter 2008 bond offering related to the Company's expansion of its Middletown, Ohio manufacturing facility. Capital expenditures were higher than the prior year primarily due to this project. Payments related to acquisitions in 2008 include the third of four annual payments of $1.0 million related to the 2005 acquisition of the remaining 40% interest in the Company's Brazilian joint venture and the third of four annual payments related to the 2006 acquisition of the remaining minority interest in its China joint venture for $0.9 million. Also contributing to the change in cash flows from investing activities was a lower cash inflow from the Company's below-described restricted cash relating to asbestos costs of an inactive subsidiary of the Company. This net cash outflow is equally offset as a cash inflow in cash flows from operating activities, as the inactive subsidiary makes payments for claims and costs of defense in accordance with the settlement and release agreements.

In the first quarter of 2007, an inactive subsidiary of the Company reached a settlement agreement and release with one of its insurance carriers for $20.0 million. The proceeds of the settlement are restricted and can only be used to pay claims and costs of defense associated with this subsidiary's asbestos litigation. The payments are structured to be received over a four-year period with annual installments of $5.0 million, the first of which was received in the second quarter of 2007 and the second of which was received in the first quarter of 2008. The subsequent installments are contingent upon whether or not Federal asbestos legislation is adopted by the due date of each annual installment. If Federal asbestos legislation is so enacted, and requires the carrier to contribute into a trust or similar vehicle as a result of the policies issued to the subsidiary, then the insurance carrier's obligation to make the subsequent installments will be cancelled. During the third quarter of 2007, the same inactive subsidiary and one of its insurance carriers entered into a Claim Handling and Funding Agreement, under which the carrier will pay 27% of the defense and indemnity costs incurred by or on behalf of the subsidiary in connection with asbestos bodily injury claims for a minimum of five years beginning July 1, 2007. See Notes 19, 20 and 21 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

Net cash provided by financing activities was $9.4 million, compared to $15.9 million of cash used in financing activities for 2007. A high level of cash received from stock option exercises as compared to the prior year impacted the change in cash flows from financing activities. In addition, during the second quarter of 2008, the Company completed a $10.0 million industrial revenue bond offering related to the expansion of its Middletown, Ohio manufacturing facility. The proceeds of this bond are restricted and can only be used for capital expenditures related to the expansion. The remaining change in cash flows from financing activities was due to lower debt repayments in 2008 as compared to 2007.

Financial markets around the globe have been experiencing extreme disruption, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Further, concerns over slower economic activity, inflation and deflation, increased energy costs, decreased consumer confidence, reduced corporate profits and capital spending could lead to adverse business conditions for the Company. We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse global economic conditions. Reference is made to Item 1A included in Part I of this Annual Report.

While currently these conditions have not impaired our ability to access credit lines and finance our operations, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies. The Company's primary credit line is a syndicated multicurrency credit agreement with Bank of America, N.A. (administrative agent) and certain other major financial institutions, which expires in 2012. The maximum principal amount available for revolving credit borrowings is $125.0 million. At December 31, 2008 and 2007, the Company had approximately $71.5 million and $73.8 million outstanding at a weighted average borrowing rate of 3.55% and 5.8%, respectively. The Company's access to this credit is largely dependent on its consolidated leverage ratio covenant, which cannot exceed 3.5 to 1; at December 31, 2008, the consolidated leverage ratio was below 2.4 to 1. Under this covenant the Company could have borrowed an additional $42.5 million at December 31, 2008. As discussed in a Current Report on Form 8-K filed on February 20, 2009 the Company has amended its credit facility to provide covenant relief related to the 2008 and 2009 restructuring programs and the CEO transition costs. In addition, the amendment temporarily increases the maximum permitted leverage ratio from 3.5 to 4.0 during the period from June 30, 2009 to September 30, 2009, and to 3.75 during the period from December 31, 2009 to March 31, 2010. In February 2009, the Company also amended two Industrial Revenue Bonds totaling $15.0 million to provide for the same changes in terms as the credit facility. The Company has entered into interest rate swaps in order to fix a portion of its variable rate debt, with a combined notional value of $40.0 million as of December 31, 2008. Outstanding financial derivative instruments may expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. To manage credit risk, the Company limits its exposure to any one counterparty. However, the Company does not expect any of the counterparties to fail to meet their obligations.

The economic concerns noted above can affect our business in a number of ways including, but not limited to, those addressed in the following discussion. The tightening of credit in financial markets adversely affects the ability of customers to obtain financing. This has led certain customers to extend payment terms, which may directly impact our working capital investment and need for increased borrowings. Such events increase the Company's exposure to concentration of credit risk, particularly in the automotive and steel industries. In addition, the Company believes demand for steel and automobiles is softening as a result of the reduced general level of economic activity. Downturns in the overall economic climate may also tend to exacerbate specific customer financial issues. When a bankruptcy occurs, Quaker must judge the amount of proceeds, if any, that may ultimately be received through the bankruptcy or liquidation process. In addition, as part of its terms of trade, Quaker may custom manufacture products for certain large customers and/or may ship product on a consignment basis. These practices may increase the Company's exposure should a bankruptcy occur and may require write-down or disposal of certain inventory due to its estimated obsolescence or limited marketability.

Our pension plans have not experienced any significant impact on liquidity or counterparty exposure due to the volatility in the credit markets. However, as a result of significant losses experienced in global equity markets, our pension funds experienced a $12.1 million negative return for 2008, which creates increased pension costs and contributions in 2009.

At December 31, 2008, the Company's gross FIN 48 liability, including accrued interest and penalties, was $12.3 million. The Company cannot determine a reliable estimate of the timing of cash flows by period related to its FIN 48 liability. However, should the entire FIN 48 liability be paid, the amount of the payment may be reduced by $5.0 million as a result of offsetting benefits in other tax jurisdictions.

The Company's net debt-to-total-capital ratio remained strong at 32% for both December 31, 2008 and 2007, respectively. The Company believes it is capable of supporting its operating requirements, including pension plan contributions, capital expenditures and possible resolution of contingencies, through internally generated funds supplemented with debt as needed.

The following table summarizes the Company's contractual obligations at December 31, 2008, and the effect such obligations are expected to have on its liquidity and cash flow in future periods. Pension and other postretirement plan contributions beyond 2009 are not determinable since the amount of any contribution is heavily dependent on the future economic environment and investment returns on pension trust assets. The timing of payments related to other long-term liabilities, which consist primarily of deferred compensation agreements, cannot be readily determined due to their uncertainty. Interest obligations on the Company's short and long term debt are included assuming the debt levels will be outstanding for the entire period and assuming the interest rates in effect at December 31, 2008. (Amounts in millions)

	Payments due by period						
Contractual Obligations	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 and Beyond**
Short-term debt	$ 3.340	$ 3.340	$ —	$ —	$ —	$ —	$ —
Long-term debt	107.092	4.612	3.463	3.386	70.909	0.806	23.916
Capital lease obligations	1.031	0.372	0.563	0.048	0.027	0.021	—
Non-cancelable operating leases	19.115	4.263	3.224	2.423	2.207	1.451	5.547
Purchase obligations	8.977	8.378	0.599	—	—	—	—
Pension and other postretirement plan contributions	13.644	13.644	—	—	—	—	—
Other long-term liabilities (see Note 20 of Notes to Consolidated Financial Statements)	3.532	—	—	—	—	—	3.532
Total contractual cash obligations	$ 156.731	$ 34.609	$ 7.849	$ 5.857	$ 73.143	$ 2.278	$ 32.995

Operations

CMS Discussion

In 2003, the Company began entering into new contracts under which it receives a set management fee and the costs that relate to those management fees were and are largely dependent on how well the Company controls product costs and achieves product conversions from other third-party suppliers to its own products. This approach came with new risks and opportunities, as the profit earned from the management fee is subject to movements in product costs as well as the Company's own performance. The Company believes this expanded approach is a way for Quaker to become an integral part of our customers' operational efforts to improve manufacturing costs and to demonstrate value that the Company would not be able to demonstrate as purely a product provider.

Consistent with the foregoing approach, the Company has been awarded a series of multi-year CMS contracts, primarily at General Motors Powertrain, Chrysler and Ford manufacturing sites, since 2003. This business was an important step in building the Company's share and leadership position in the automotive process fluids market and has positioned the Company well for penetration of CMS opportunities in other metalworking manufacturing sites. This alternative approach had a dramatic impact on the Company's revenue and margins. Under the traditional CMS approach, where the Company effectively acts as an agent, revenues and costs from these sales are reported on a net sales or "pass-through" basis. The alternative structure is different in that the Company's revenue received from the customer is a fee for products and services provided to the customer, which are indirectly related to the actual costs incurred. As a result, in the alternative structure the Company recognizes in reported revenues the gross revenue received from the CMS site customer, and in cost of goods sold the third-party product purchases, which substantially offset each other until the Company achieves significant product conversions. As some contracts have been renewed or renegotiated, some of those contracts have reverted to a "pass-through" basis, while others have remained on a gross basis. Currently, the Company has a mix of contracts with both the traditional product pass-through structure and fixed priced contracts covering all services and products. The Company's offerings will continue to include both approaches to CMS, depending on customer requirements and business circumstances.

Comparison of 2008 with 2007

Net sales for 2008 were $581.6 million, up 7% from $545.6 million for 2007. The increase in net sales was primarily due to selling price increases and foreign exchange rate translation partially offset by volume declines. Volumes were down approximately 7%, while selling price increases were realized, in part, as a result of an ongoing effort to offset higher raw material costs. The majority of the volume decline occurred during the fourth quarter of 2008, with declines in all the Company's regions as the global economic downturn began to impact the Company. Foreign exchange rate translation increased revenues by approximately 4%.

Gross margin dollars were down approximately $4.9 million, or 3%, compared to 2007. The gross margin percentage of 28% was also lower than the 2007 gross margin percentage of 30.8%. The decline in gross margin percentage was due to increased raw material costs partially offset by price increases, as well as product and regional sales mix.

SG&A for 2008 decreased $2.7 million compared to 2007. Investments in higher growth areas, inflationary increases and unfavorable foreign exchange rate translation were more than offset by lower incentive compensation and lower legal and environmental costs. In addition, during the third quarter of 2007, the Company recorded a charge of $0.7 million related to a discontinued strategic initiative and a $0.5 million charge related to certain customer bankruptcies.

In response to the dramatic volume declines in the U.S. and Europe and with the goal of reducing operating costs in those regions, the Company implemented a restructuring program in the fourth quarter of 2008, which eliminated more than 80 positions and included provisions for severance for 57 employees totaling $2.9 million. In a further effort to reduce operating costs as volume declines continued in the U.S. and Europe and extended to other regions, Quaker implemented an additional restructuring program in the first quarter of 2009 which is expected to include provisions for severance for approximately 50 employees totaling approximately $2.5 million to $3.0 million.

Effective October 3, 2008, Ronald J. Naples, Chairman, retired as Quaker's Chief Executive Officer. As further discussed in the Company's 8-K filed on May 13, 2008, the Company is recognizing certain accelerated and other costs, in accordance with Mr. Naples' Employment, Transition and Consulting Agreement, which are expected to total $5.8 million over the 2008 – 2010 period. Incremental costs incurred in 2008 totaled $3.5 million, or approximately $0.22 per diluted share.

In 2007, the Company recorded environmental charges of $3.3 million. The charges consisted of $2.0 million related to the settlement of environmental litigation involving AC Products, Inc., a wholly owned subsidiary, as well as an additional $1.3 million charge for the estimated remaining remediation costs.

The decrease in other income was primarily the result of foreign exchange losses recorded in 2008, compared to gains in the prior year. Other income for 2008 also includes a net arbitration award of approximately $1.0 million, or approximately $0.04 per diluted share, related to litigation with one of the former owners of the Company's Italian subsidiary. The decrease in interest expense was attributable to lower average borrowings and lower interest rates.

The Company's effective tax rate was 29.9% for 2008, compared to 29.3% in the prior year. The 2008 effective tax rate was affected by a changing mix of income among jurisdictions, as well as the derecognition of several uncertain tax positions due to the expiration of applicable statutes of limitations for certain tax years, in accordance with FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement, No. 109." The effective tax rate for 2007 also includes an out of period non-cash tax benefit adjustment of $1.0 million related to the deferred tax accounting for the Company's foreign pension plans and intangible assets regarding one of the Company's acquisitions. At the end of 2008, the Company had net U.S. deferred tax assets totaling $15.8 million, excluding deferred tax assets relating to additional minimum pension liabilities. The Company records valuation allowances when necessary to reduce its deferred tax assets to the amount that is more likely than not to be realized. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. However, in the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be a non-cash charge to income in the period such determination was made, which could have a material adverse impact on the Company's financial statements. The continued price pressure in the Company's raw materials, as well as the global economic downturn has been negatively impacting profitability in certain taxing jurisdictions. The Company continues to closely monitor this situation as it relates to its net deferred tax assets and the assessment of valuation allowances. The Company is continuing to evaluate alternatives that could positively impact taxable income in these jurisdictions.

Segment Reviews—Comparison of 2008 with 2007

Metalworking Process Chemicals:

Metalworking Process Chemicals consists of industrial process fluids for various heavy industrial and manufacturing applications and represented approximately 93% of the Company's net sales in 2008. Net sales were up $34.1 million, or 7%, compared to 2007. Foreign currency translation positively impacted net sales by approximately 5%, driven by the euro to U.S. dollar, Brazilian real to U.S. dollar and Chinese renminbi to U.S. dollar exchange rates. The average euro to U.S. dollar exchange rate was 1.47 in 2008, compared to 1.37 in 2007, the average Brazilian real exchange rate was 0.55 in 2008, compared to 0.52 in 2007, and the average Chinese renminbi exchange rate was 0.14 in 2008, compared to 0.13 in 2007. Net sales were positively impacted by growth of 14% in Asia/Pacific, 3% in North America, and 2% in South America, while sales were down 3% in

Europe, all on a constant currency basis. The growth in sales was primarily attributable to higher sales prices implemented across all regions, in part, as a result of an ongoing effort to offset higher raw material costs. The increased selling prices were offset in part by volume reductions in all regions except Asia/Pacific. The majority of the volume declines occurred in the fourth quarter of 2008, as the global recession began to impact the Company. The $13.2 million decrease in this segment's operating income compared to 2007 on a 7% sales increase is reflective of the pace at which raw material costs have continued to increase, as well as the fourth quarter volume reductions. This segment's operating income was also negatively impacted by lower Quaker product sales due to lower customer production levels, higher selling costs, as well as CMS profitability being negatively impacted by the American Axle strike, which occurred earlier in 2008.

Coatings:

The Company's coatings segment, which represented approximately 6% of the Company's net sales in 2008, contains products that provide temporary and permanent coatings for metal and concrete products and chemical milling maskants. Net sales for this segment were up $0.7 million, primarily due to higher chemical milling maskant product sales to the aerospace industry. This segment's operating income was up $0.4 million, consistent with the volume increases noted above.

Other Chemical Products:

Other Chemical Products, which represented approximately 1% of the Company's net sales in 2008, consists of sulfur removal products for industrial gas streams sold by the Company's Q2 Technologies joint venture. Net sales were up $1.3 million, reflective of this segment's second quarter 2007 acquisition of Frontier Research and Chemicals Company. Operating income for 2008 was flat with 2007.

Comparison of 2007 with 2006

Net sales for 2007 were $545.6 million, up 18.5% from $460.5 million for 2006. The increase in net sales was attributable to a combination of higher sales prices and volume growth. Volume growth was realized across all regions with strong gains in both Asia/Pacific and Europe, as well as higher revenue related to the Company's CMS channel. Foreign exchange rate translation increased revenues by approximately 5% for 2007 compared to 2006. Selling price increases were realized across all regions and market segments, in part as an ongoing effort to offset higher raw material costs. CMS revenues were higher due to additional CMS accounts, as well as the renewal and restructuring (pass-through to gross) of several of the Company's CMS contracts.

Gross profit (net sales less cost of goods sold) in dollar terms was higher by more than $25.0 million, or 18%, consistent with the increased sales. Higher selling prices and a stronger performance from the Company's CMS channel helped improve gross profit in dollar terms, while higher raw material costs and sales mix resulted in a slightly lower gross profit percentage. Gross profit as a percentage of sales was 30.8% for 2007, as compared to 31% for 2006.

SG&A for 2007 increased $18.5 million compared to 2006. Foreign exchange rate translation accounted for approximately $5.6 million of the increase over the prior year. Also negatively affecting the comparison with the prior year was a pension gain of $0.9 million recorded in the first quarter of 2006, due to a legislative change. The remainder of the increase was due to continued planned spending in higher growth areas, including China, higher incentive compensation as a result of higher earnings, higher commissions as a result of higher sales, higher legal and environmental costs, and inflationary increases. In addition, during the third quarter of 2007, the Company recorded a charge of $0.7 million related to a discontinued strategic initiative and a $0.5 million charge related to certain customer bankruptcies.

In the third quarter of 2007, the Company recorded environmental charges of $3.3 million as disclosed in its press release dated October 23, 2007. The charges consisted of $2.0 million related to the settlement of environmental litigation involving AC Products, Inc., a wholly owned subsidiary, as well as an additional $1.3 million charge for the estimated future remediation costs.

The increase in other income was primarily due to foreign exchange gains recorded in 2007, compared to losses in the prior year. The increase in net interest expense was attributable to higher average borrowings and higher interest rates.

The Company's effective tax rate was 29.3% for 2007, compared to 33.8% in the prior year. The lower effective tax rate includes a higher refund of taxes in China as a result of the Company's increased investment with $0.7 million received in 2007 versus $0.4 million received in 2006. In addition, the lower effective tax rate includes a non-cash out-of-period tax benefit adjustment of $1.0 million related to certain deferred tax items. The effective tax rate was also affected by a changing mix of income among tax jurisdictions, as well as the Company's first quarter 2007 adoption of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48").

Net income for 2007 was $15.5 million compared to $11.7 million for 2006. Increased sales and gross margin were offset in part by higher selling, general and administrative expenses and a $3.3 million environmental charge. In addition, the net income increase includes the higher tax refund in China as well as the out-of-period tax benefit of $1.0 million.

Segment Reviews—Comparison of 2007 with 2006

Metalworking Process Chemicals:

Metalworking Process Chemicals consists of industrial process fluids for various heavy industrial and manufacturing applications and represented approximately 93% of the Company's net sales in 2007. Net sales were up $80.3 million, or 19%, compared to 2006. Foreign currency translation positively impacted net sales by approximately 6%, driven by the euro to U.S. dollar and Brazilian real to U.S. dollar exchange rates. The average euro to U.S. dollar exchange rate was 1.37 in 2007, compared to 1.26 in 2006, and the average Brazilian real exchange rate was 0.52 in 2007, compared to 0.46 in 2006. Net sales were positively impacted by growth of 25.5% in Asia/Pacific, 14.0% in North America, 10.2% in Europe and 7.2% in South America, all on a constant currency basis. The growth in sales was attributable to volume growth, higher sales prices, and higher CMS sales due to the renegotiation of certain contracts in 2007. The majority of the volume growth came from increased demand in China, while price increases implemented across all regions helped, in part, to offset higher raw material costs. The $12.3 million increase in this segment's operating income compared to 2006 is largely reflective of the Company's pricing actions and improved performance from the Company's U.S. CMS channel, offset in part by higher selling costs.

Coatings:

The Company's coatings segment, which represented approximately 7% of the Company's net sales for 2007, contains products that provide temporary and permanent coatings for metal and concrete products and chemical milling maskants. Net sales for this segment were up $4.0 million, or 12.1%, compared to 2006. The increase in net sales was the result of increased demand both for coatings and chemical milling maskant product sales sold to the aerospace industry. This segment's operating income was up $0.5 million, consistent with the increased sales offset by higher contract manufacturing and selling costs.

Other Chemical Products:

Other Chemical Products, which represented less than 1% of the Company's net sales for 2007, consists of sulfur removal products for industrial gas streams sold by the Company's Q2 Technologies joint venture. Net sales were up $0.9 million and operating income was up $0.1 million. The increase in sales is reflective of this segment's second quarter 2007 acquisition of Frontier Research and Chemicals Company, which was offset in part by declines in this segment's base business.

Restructuring and Related Activities

In the fourth quarter of 2008, Quaker's management approved restructuring plans to reduce operating costs, primarily in North America and Europe. Included in restructuring plans were provisions for severance for 57 employees. The Company recognized a $2.9 million restructuring charge in the fourth quarter of 2008. Employee separation benefits varied depending on local regulations within certain foreign countries and included severance and other benefits. The Company expects to complete the initiatives contemplated under this program during 2009.

The accrued restructuring balance for the 2008 4th Quarter Program, included in other current liabilities and assigned to the Metalworking Process Chemical segment, is as follows (amounts in millions):

	Employee Separations
2008 4th Quarter Program:	
Restructuring charges	$ 2.916
Payments	(0.749)
Currency translation	0.031
December 31, 2008 ending balance	$ 2.198

In a further effort to reduce operating costs as volume declines continued in the U.S. and Europe and extended to other regions, Quaker implemented an additional restructuring program in the first quarter of 2009 which is expected to include provisions for severance for approximately 50 employees totaling approximately $2.5 million to $3.0 million.

Environmental Clean-up Activities

The Company is involved in environmental clean-up activities in connection with an existing plant location and former waste disposal sites. In April of 1992, the Company identified certain soil and groundwater contamination at AC Products, Inc. ("ACP"), a wholly owned subsidiary. In voluntary coordination with the Santa Ana California Regional Water Quality Board, ACP is remediating the contamination. Effective October 17, 2007, ACP agreed to operate the two existing groundwater treatment systems associated with the extraction wells P-2 and P-3 so as to hydraulically contain groundwater contamination emanating from ACP's site until such time as the concentrations of contaminants are below the Federal maximum contaminant level for four consecutive quarterly sampling events. At December 31, 2008, the Company believes that the remaining potential-known liabilities associated with the ACP contamination, namely estimated future cost of the soil and water remediation program, is approximately $2.0 million to $4.0 million, for which the Company has sufficient reserves. Notwithstanding the foregoing, the Company cannot be certain that liabilities in the form of remediation expenses and damages will not be incurred in excess of the amount reserved. See Note 21 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

General

The Company generally does not use financial instruments that 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 56% to 59% of the consolidated net annual sales. See Note 16 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

Factors that May Affect Our Future Results

(Cautionary Statements Under the Private Securities Litigation Reform Act of 1995)

Certain information included in this Report and other materials filed or to be filed by Quaker with the SEC (as well as information included in oral statements or other written statements made or to be made by us) contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including:

- statements relating to our business strategy;
- our current and future results and plans; and
- statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan" or similar expressions.

Such statements include information relating to current and future business activities, operational matters, capital spending, and financing sources. From time to time, oral or written forward-looking statements are also included in Quaker's periodic reports on Forms 10-Q and 8-K, press releases and other materials released to the public.

Any or all of the forward-looking statements in this Report, in Quaker's Annual Report to Shareholders for 2008 and in any other public statements we make may turn out to be wrong. This can occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Report will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in Quaker's subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. These forward-looking statements are subject to risks, uncertainties and assumptions about us and our operations that are subject to change based on various important factors, some of which are beyond our control. A major risk is that the Company's demand is largely derived from the demand for its customers' products, which subjects the Company to uncertainties related to downturns in a customer's business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, worldwide economic and political conditions, foreign currency fluctuations, and terrorist attacks such as those that occurred on September 11, 2001, each of which is discussed in greater detail in Item 1A of this Report. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance, and durable goods manufacturers. These risks, uncertainties, and possible inaccurate assumptions relevant to our business could cause our actual results to differ materially from expected and historical results. Other factors beyond those discussed in this Report could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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

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

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 debt is negotiated at market rates. Accordingly, if interest rates rise significantly, the cost of debt to Quaker will increase. This can have an adverse effect on Quaker, depending on the extent of Quaker's borrowings. As of December 31, 2008, Quaker had approximately $71.5 million in borrowings under its credit facilities at a weighted average borrowing rate of approximately 3.55%. The Company uses derivative financial instruments primarily for the purposes of hedging exposures to fluctuations in interest rates. The Company does not enter into derivative contracts for trading or speculative purposes. The Company has entered into interest rate swaps in order to fix a portion of its variable rate debt. The swaps had a combined notional value of $40.0 million and $35.0 million and a fair value of $(3.1) million and $(1.1) million at December 31, 2008 and 2007, respectively. The counterparties to the swaps are major financial institutions. Outstanding financial derivative instruments expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. To manage credit risk, the Company limits its exposure to any one counterparty. However, the Company does not expect any of the counterparties to fail to meet their obligations. See the information included under the caption "Derivatives" in Note 1 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report and is incorporated herein by reference. In February 2007, the Company completed a refinancing of its existing industrial development bonds to fix the interest rate of an additional $5.0 million of debt.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings is generated by its foreign operations. These foreign operations also hold a significant portion of Quaker's assets and liabilities. All such operations use the local currency as their functional currency. Accordingly, Quaker's financial results are affected by risks typical of global business such as currency fluctuations, particularly between the U.S. dollar, the Brazilian real, the Chinese renminbi and the E.U. euro. As exchange rates vary, Quaker's results can be materially affected.

The Company generally does not use financial instruments that 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 56% to 59% of consolidated net annual sales.

In addition, the Company often sources inventory among its worldwide operations. This practice can give rise to foreign exchange risk resulting from the varying cost of inventory to the receiving location, as well as from the revaluation of intercompany balances. The Company mitigates this risk through local sourcing efforts.

Commodity Price Risk. Many of the raw materials used by Quaker are commodity chemicals, and, therefore, Quaker's earnings can be materially 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.

Credit Risk. Quaker establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Quaker's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Downturns in the overall economic climate may also exacerbate specific customer financial issues. A significant portion of Quaker's revenues is derived from sales to customers in the U.S. steel and automotive industries, where a number of bankruptcies occurred during recent years and companies have experienced financial difficulty. When a bankruptcy occurs, Quaker must judge the amount of proceeds, if any, that may ultimately be received through the bankruptcy or liquidation process. In addition, as part of its terms of trade, Quaker may custom manufacture products for certain large customers and/or may ship product on a consignment basis. These practices may increase the Company's exposure should a bankruptcy occur, and may require write-down or disposal of certain inventory due to its estimated obsolescence or limited marketability. Customer returns of products or disputes may also result in similar issues related to the realizability of recorded accounts receivable or returned inventory.

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Item 8. ***Financial Statements and Supplementary Data.***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
of Quaker Chemical Corporation:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Quaker Chemical Corporation and its subsidiaries at December 31, 2008 and December 31, 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 5 to the consolidated financial statements, the Company changed the manner for which it accounts for uncertainty in income taxes in 2007. As discussed in Note 12 to the consolidated financial statements, the Company changed the manner in which it accounts for defined benefit pension and other postretirement plans effective December 31, 2006.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, PA
March 5, 2009

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2008	2007	2006
	(In thousands, except per share amounts)		
Net sales	$581,641	$545,597	$460,451
Costs and expenses:			
Cost of goods sold	418,580	377,661	317,850
Selling, general, and administrative expenses	136,697	139,429	120,969
Restructuring and related activities	2,916	—	—
CEO transition costs	3,505	—	—
Environmental charges	—	3,300	—
	561,698	520,390	438,819
Operating income	19,943	25,207	21,632
Other income, net	1,095	2,578	1,259
Interest expense	(5,509)	(6,426)	(5,520)
Interest income	1,100	1,376	1,069
Income before taxes, equity income and minority interest	16,629	22,735	18,440
Taxes on income	4,977	6,668	6,224
	11,652	16,067	12,216
Equity in net income of associated companies	388	783	773
Minority interest in net income of subsidiaries	(908)	(1,379)	(1,322)
Net income	$ 11,132	$ 15,471	$ 11,667
Per share data:			
Net income—basic	$ 1.07	$ 1.55	$ 1.19
Net income—diluted	$ 1.05	$ 1.53	$ 1.18
Weighted average shares outstanding:			
Basic	10,420	9,986	9,779
Diluted	10,553	10,107	9,854

The accompanying notes are an integral part of these consolidated financial statements.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEET

	December 31, 2008	December 31, 2007
	(In thousands, except par value and share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 20,892	$ 20,195
Construction fund (restricted cash)	8,281	—
Accounts receivable, net	98,702	118,135
Inventories, net	57,419	60,738
Deferred income taxes	4,948	4,042
Prepaid expenses and other current assets	10,584	10,391
Total current assets	200,826	213,501
Property, plant and equipment, net	60,945	62,287
Goodwill	40,997	43,789
Other intangible assets, net	6,417	7,873
Investments in associated companies	7,987	7,323
Deferred income taxes	34,179	30,257
Other assets	34,088	34,019
Total assets	$385,439	$399,049
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 4,631	$ 4,288
Accounts payable	48,849	65,202
Dividends payable	2,492	2,178
Accrued compensation	7,741	17,287
Accrued pension and postretirement benefits	7,380	1,726
Other current liabilities	12,771	15,670
Total current liabilities	83,864	106,351
Long-term debt	84,236	78,487
Deferred income taxes	7,156	7,583
Accrued pension and postretirement benefits	37,638	30,699
Other non-current liabilities	42,670	41,023
Total liabilities	255,564	264,143
Minority interest in equity of subsidiaries	3,952	4,513
Commitments and contingencies	—	—
Shareholders' equity		
Common stock, $1 par value; authorized 30,000,000 shares; Issued: 2008-10,833,325 shares, 2007-10,147,239 shares	10,833	10,147
Capital in excess of par value	25,238	10,104
Retained earnings	117,089	115,767
Accumulated other comprehensive loss	(27,237)	(5,625)
Total shareholders' equity	125,923	130,393
Total liabilities and shareholders' equity	$385,439	$399,049

The accompanying notes are an integral part of these consolidated financial statements.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Cash flows from operating activities			
Net income	$ 11,132	$ 15,471	$ 11,667
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	10,879	11,686	10,136
Amortization	1,177	1,197	1,427
Equity in net income of associated companies, net of dividends	(275)	(219)	(348)
Minority interest in earnings of subsidiaries	908	1,379	1,322
Deferred income taxes	1,014	(354)	404
Uncertain tax positions (non-deferred portion)	211	1,577	—
Deferred compensation and other, net	819	(85)	(507)
Stock-based compensation	3,901	1,550	857
Restructuring and related activities	2,916	—	—
Environmental charges	—	3,300	—
(Gain) Loss on disposal of property, plant and equipment	(10)	(40)	34
Insurance settlement realized	(1,556)	(1,854)	(544)
Pension and other postretirement benefits	(3,527)	(3,596)	(4,247)
Increase (decrease) in cash from changes in current assets and current liabilities, net of acquisitions:			
Accounts receivable	15,582	(4,093)	(8,947)
Inventories	(73)	(5,182)	(4,146)
Prepaid expenses and other current assets	(181)	122	(140)
Accounts payable and accrued liabilities	(27,892)	7,612	5,440
Change in restructuring liabilities	(749)	—	(4,033)
Estimated taxes on income	(885)	(970)	(192)
Net cash provided by operating activities	13,391	27,501	8,183
Cash flows from investing activities			
Capital expenditures	(11,742)	(9,165)	(12,379)
Payments related to acquisitions	(1,859)	(2,373)	(1,684)
Proceeds from disposition of assets	177	259	64
Insurance settlement received and interest earned	5,306	5,705	7,836
Change in restricted cash, net	(12,031)	(3,851)	(7,292)
Net cash used in investing activities	(20,149)	(9,425)	(13,455)
Cash flows from financing activities			
Proceeds from short-term debt	—	2,250	1,897
Net increase (decrease) in short-term borrowings	743	(3,198)	(3,384)
Proceeds from long-term debt	10,000	—	15,283
Repayment of long-term debt	(3,401)	(8,345)	(940)
Dividends paid	(9,503)	(8,654)	(8,444)
Stock options exercised, other	11,919	3,309	1,235
Distributions to minority shareholders	(404)	(1,265)	(1,490)
Net cash provided by (used in) financing activities	9,354	(15,903)	4,157
Effect of exchange rate changes on cash	(1,899)	1,960	1,056
Net increase (decrease) in cash and cash equivalents	697	4,133	(59)
Cash and cash equivalents at beginning of the period	20,195	16,062	16,121
Cash and cash equivalents at end of the period	$ 20,892	$ 20,195	$ 16,062
Supplemental cash flow disclosures			
Cash paid during the year for:			
Income taxes	$ 4,561	$ 6,819	$ 6,315
Interest	5,314	5,716	4,944
Non-cash activities:			
Restricted insurance receivable (See also Note 19 of Notes to Consolidated Financial Statements)	$ 5,000	$ 5,000	$ 7,500

The accompanying notes are an integral of these consolidated financial statements

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Total
Balance at December 31, 2005	$ 9,726	$ 3,574	$111,317	$ (18,710)	$105,907
Net income	—	—	11,667	—	11,667
Currency translation adjustments	—	—	—	7,396	7,396
Minimum pension liability	—	—	—	1,250	1,250
Current period changes in fair value of derivatives	—	—	—	155	155
Unrealized gain on available-for-sale securities	—	—	—	143	143
Comprehensive income	—	—	—	—	20,611
Adjustment to initially apply FASB Statement No. 158	—	—	—	(9,293)	(9,293)
Dividends ($0.86 per share)	—	—	(8,486)	—	(8,486)
Shares issued upon exercise of options	104	942	—	—	1,046
Shares issued for employee stock purchase plan	11	178	—	—	189
Equity-based compensation plans	85	772	—	—	857
Balance at December 31, 2006	9,926	5,466	114,498	(19,059)	110,831
Net income	—	—	15,471		15,471
Currency translation adjustments	—	—	—	10,861	10,861
FASB Statement No. 158:					
Net gain (loss) arising during the period, other	—	—	—	2,555	2,555
Amortization of actuarial (gain) loss	—	—	—	1,049	1,049
Amortization of prior service cost (credit)	—	—	—	(11)	(11)
Amortization of initial net asset	—	—	—	(138)	(138)
Current period changes in fair value of derivatives	—	—	—	(799)	(799)
Unrealized gain on available-for-sale securities	—	—	—	(83)	(83)
Comprehensive income	—	—	—	—	28,905
Adjustment to initially apply FIN 48	—	—	(5,503)	—	(5,503)
Dividends ($0.86 per share)	—	—	(8,699)	—	(8,699)
Shares issued upon exercise of options	170	2,909	—	—	3,079
Shares issued for employee stock purchase plan	12	218	—	—	230
Equity-based compensation plans	39	1,511	—	—	1,550
Balance at December 31, 2007	10,147	10,104	115,767	(5,625)	130,393
Net income	—	—	11,132		11,132
Currency translation adjustments	—	—	—	(10,110)	(10,110)
FASB Statement No. 158:					
Net gain (loss) arising during the period, other	—	—	—	(10,238)	(10,238)
Amortization of actuarial (gain) loss	—	—	—	888	888
Amortization of prior service cost (credit)	—	—	—	(477)	(477)
Amortization of initial net asset	—	—	—	(148)	(148)
Current period changes in fair value of derivatives	—	—	—	(1,302)	(1,302)
Unrealized gain on available-for-sale securities	—	—	—	(255)	(255)
Comprehensive income	—	—	—	—	(10,510)
Effects of adjustment to apply change of measurement date provisions of FASB Statement No. 158:					
Service cost, interest cost and expected return on plan assets for Dec 1, 2007 – December 31, 2007, net of tax	—	—	7	—	7
Amortization of prior service cost for December 1, 2007 – December 31, 2007, net of tax	—	—	—	30	30
Dividends ($0.92 per share)	—	—	(9,817)	—	(9,817)
Shares issued upon exercise of options	590	11,066	—	—	11,656
Shares issued for employee stock purchase plan	13	250	—	—	263
Equity-based compensation plans	83	3,818	—	—	3,901
Balance at December 31, 2008	$10,833	$25,238	$117,089	$ (27,237)	$125,923

The accompanying notes are an integral part of these consolidated financial statements

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except 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. The Company's share of net income or losses of investments is included in the consolidated statement of income. The Company periodically reviews these investments for impairments and, if necessary, would adjust these investments to their fair value when a decline in market value is deemed to be other than temporary.

In January 2003, the Financial Accounting Standards Board ("FASB"), issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Certain Variable Interest Entities, ("VIEs"), which is an interpretation of Accounting Research Bulletin ("ARB") No. 51, "Consolidated Financial Statements." FIN 46, as revised by FIN 46 (revised December 2003), addresses the application of ARB No. 51 to VIEs, and generally would require that assets, liabilities and results of the activities of a VIE be consolidated into the financial statements of the enterprise that is considered the primary beneficiary. The consolidated financial statements include the accounts of the Company and all of its subsidiaries in which a controlling interest is maintained and would include any VIEs if the Company was the primary beneficiary pursuant to the provisions of FIN 46 (revised December 2003).

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. All non-U.S. subsidiaries use their local currency as its functional currency.

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. Inventories are valued using the first-in, first-out ("FIFO") method. See also Note 8 of Notes to Consolidated Financial Statements.

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 periodically evaluated whenever changes in circumstances or current events indicate the carrying amount of such assets may not be recoverable. An estimate of undiscounted cash flows produced by the asset, or the appropriate group of assets, is compared with the carrying value to determine whether an impairment exists. If necessary, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value. Fair value is based on current and anticipated future undiscounted cash flows. Upon sale or other dispositions of long-lived assets, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposals is recorded to income. 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.

Capitalized software: The Company applies the Accounting Standards Executive Committee Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This SOP requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. In connection with the implementation of the Company's global transaction system, approximately $1,230 and $1,685 of net costs were capitalized at December 31, 2008 and 2007, respectively. These costs are amortized over a period of five years once the assets are placed into service.

Goodwill and other intangible assets: On January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." The standard requires that goodwill and indefinite-lived intangible assets no longer be amortized. In addition, goodwill and indefinite-lived intangible assets are tested for impairment at least annually. These tests will be performed more frequently if there are triggering events. Definite-lived intangible assets are amortized over their estimated useful lives, generally for periods ranging from 5 to 20 years. The Company continually evaluates the reasonableness of the useful lives of these assets. See also Note 18 of Notes to Consolidated Financial Statements.

Revenue recognition: The Company recognizes revenue in accordance with the terms of the underlying agreements, when title and risk of loss have been transferred, collectability is reasonably assured, and pricing is fixed or determinable. This generally occurs for product sales when products are shipped to customers or, for consignment arrangements, upon usage by the customer and when services are performed. License fees and royalties are recognized in accordance with agreed-upon terms, when performance obligations are satisfied, the amount is fixed or determinable, and collectability is reasonably assured, and are included in other income. As part of the Company's chemical management services, certain third-party product sales to customers are managed by the Company. Where the Company acts as principal, revenues are recognized on a gross reporting basis at the selling price negotiated with customers. Where the Company acts as an agent, such revenue is recorded using net reporting as service revenues, at the amount of the administrative fee earned by the Company for ordering the goods. Third-party products transferred under arrangements resulting in net reporting totaled $32,194, $52,702 and $62,777 for 2008, 2007 and 2006, respectively.

Research and development costs: Research and development costs are expensed as incurred. Research and development expenses are included in selling, general and administrative expenses, and during 2008, 2007 and 2006 were $16,877, $14,608 and $12,989, 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 funds in money market securities and financial instruments having maturities typically within 90 days. The Company has not experienced losses from the aforementioned investments. See also Note 7 of Notes to Consolidated Financial Statements.

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. If no amount in the range is considered more probable than any other amount, the Company records the lowest amount in the range in accordance with generally accepted accounting principles. Accrued liabilities are exclusive of claims against third parties and are not discounted. Environmental costs and remediation costs are capitalized if the costs extend the life, increase the capacity or improve safety or efficiency of the property from the date acquired or constructed, and/or mitigate or prevent contamination in the future.

Comprehensive income (loss): The Company presents comprehensive income (loss) in its Statement of Shareholders' Equity. The components of accumulated other comprehensive loss at December 31, 2008 include: accumulated foreign currency translation adjustments of $2,547, minimum pension liability of $(27,737), unrealized holding losses on available-for-sale securities of $(29), and the fair value of derivative instruments of $(2,018). The components of accumulated other comprehensive loss at December 31, 2007 include: accumulated foreign currency translation adjustments of $13,264, minimum pension liability of $(18,399), unrealized holding gains on available-for-sale securities of $226, and the fair value of derivative instruments of $(716).

Income taxes and uncertain tax positions: The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. The Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48") on January 1, 2007. FIN 48 applies to all income tax positions taken on previously filed tax returns or expected to be taken on a future tax return. FIN 48 prescribes a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement. FIN 48 also requires that the amount of interest expense and income to be recognized related to uncertain tax positions be computed by applying the applicable statutory rate of interest to the difference between the tax position recognized in accordance with FIN 48, including timing differences, and the amount previously taken or expected to be taken in a tax return. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

Derivatives: The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. The Company does not enter into derivative contracts for trading or speculative purposes. In accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted, all derivatives are recognized on the balance sheet at fair value. For derivative instruments designated as cash flow hedges, the effective portion of any hedge is reported in Accumulated Other Comprehensive Income (Loss) until it is cleared to earnings during the same period in which the hedged item affects earnings. The Company uses no derivative instruments designated as fair value hedges.

The Company has entered into interest rate swaps in order to fix a portion of its variable rate debt. The swaps had a combined notional value of $40,000 and $35,000 and a fair value of $(3,105) and $(1,102) at December 31, 2008 and December 31, 2007, respectively. The counterparties to the swaps are major financial institutions.

Recently issued accounting standards:

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations (FAS 141(R))" and SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, as amendment of ARB No. 51 (FAS 160)." FAS 141(R) will significantly change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. Some of the changes, such as the accounting for contingent consideration, will introduce more volatility into earnings. FAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. FAS 141(R) will be applied prospectively. FAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of FAS 160 shall be applied prospectively. FAS 141(R) and FAS 160 are effective for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the impact of these standards on its financial statements.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

In March 2008, the FASB issued Statement of Financial Accounting Standard No. 161 (“SFAS 161”), “Disclosures about Derivative Instruments and Hedging Activities.” SFAS 161 requires expanded disclosure about the Company’s hedging activities and use of derivative instruments in its hedging activities. SFAS 161 is effective for fiscal years beginning on or after November 15, 2008 and for interim periods within those fiscal years. The Company is currently assessing the impact of this standard on its financial statements.

In June 2008, the FASB issued FASB Staff Position, FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.” FSP EITF 03-6-1 changes the way earnings per share is calculated for share-based payments that have not vested. FSP EITF 03-6-1 is effective for fiscal years beginning on or after December 15, 2008 and for interim periods within those fiscal years. The Company is currently assessing the impact of this standard on its financial statements.

In October 2008, the FASB issued FASB Staff Position FAS 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active (“FSP 157-3”).” FSP 157-3 clarifies the application of SFAS 157, which the Company adopted as of January 1, 2008, in cases where a market is not active. The Company has considered the guidance provided by FSP 157-3 in its determination of estimated fair values as of December 31, 2008, and the impact was not material.

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. Actual results could differ from such estimates.

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

Note 2—Out-of-Period Adjustments

During the third quarter of 2007, the Company identified errors of a cumulative $993 overstatement of its consolidated income tax expense for the years 2004, 2005 and 2006. These errors were related to the deferred tax accounting for the Company’s foreign pension plans and intangible assets regarding one of the Company’s 2002 acquisitions. The Company corrected these errors in the third quarter 2007, which had the effect of reducing tax expense by $993, and increasing net income by $993 for the three and nine-month periods ended September 30, 2007. The Company does not believe this adjustment is material to the consolidated financial statements for the years ended December 31, 2004, 2005, 2006 or 2007 and, therefore, has not restated any prior period amounts.

Note 3—Restructuring and Related Activities

In the fourth quarter of 2008, Quaker’s management approved a restructuring plan (2008 4th Quarter Program) to reduce operating costs, primarily in North America and Europe. Included in the restructuring plans were provisions for severance for 57 employees. The Company recognized a $2,916 restructuring charge in the fourth quarter of 2008. Employee separation benefits varied depending on local regulations within certain foreign countries and included severance and other benefits. The Company expects to complete the initiatives contemplated under this program during 2009.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

The accrued restructuring balance for the 2008 4th Quarter Program, included in other current liabilities and assigned to the Metalworking Process Chemical segment, is as follows:

	Employee Separations
2008 4th Quarter Program:	
Restructuring charges	$ 2,916
Payments	(749)
Currency translation	31
December 31, 2008 ending balance	$ 2,198

In a further effort to reduce operating costs as volume declines continued in the U.S. and Europe and extended to other regions, the Company implemented an additional restructuring program in the first quarter of 2009 which is expected to include provisions for severance for approximately 50 employees totaling approximately $2,500 to $3,000.

Note 4—Fair Value Measures

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), Fair Value Measurement. Subsequently, the FASB issued FASB Staff Positions ("FSP") 157-1 and FSP 157-2, which provided exceptions to applying the guidance to leasing transactions and to non-recurring nonfinancial assets and liabilities. Effective January 1, 2008, the Company adopted SFAS 157, with the exception of the application of the statement to non-recurring nonfinancial assets and nonfinancial liabilities. Non-recurring nonfinancial assets and nonfinancial liabilities for which the Company has not applied the provisions of SFAS 157 include those measured at fair value in goodwill impairment testing, indefinite lived intangible assets measured at fair value for impairment testing, asset retirement obligations initially measured at fair value, and those initially measured at fair value in a business combination. SFAS 157 establishes a common definition for fair value to be applied to U.S. GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

The Company values its interest rate swaps, company-owned life insurance policies and various deferred compensation assets and liabilities at fair value. The Company's assets and liabilities subject to fair value measurement are as follows (in thousands):

	Fair Value as of December 31, 2008	Fair Value Measurements at December 31, 2008 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Assets				
Company-owned life insurance	$ 3,437	$ —	$3,437	$ —
Company-owned life insurance—Deferred compensation assets	688	—	688	—
Other deferred compensation assets	104	104	—	—
Total	$ 4,229	$ 104	$4,125	$ —
Liabilities				
Deferred compensation liabilities	$ 1,061	$1,061	$ —	$ —
Interest rate derivatives	3,105	—	3,105	—
Total	$ 4,166	$1,061	$3,105	$ —

The fair values of Company-owned life insurance ("COLI") and COLI deferred compensation assets are based on quotes for like instruments with similar credit ratings and terms. The fair values of Other deferred compensation assets and liabilities are based on quoted prices in active markets. The fair values of interest rate derivatives are based on quoted market prices from various banks for similar instruments.

Note 5—Uncertain Tax Positions

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the recognition threshold and measurement attributes for financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. FIN 48 requires the determination of whether the benefits of tax positions will be more likely than not sustained upon audit based upon the technical merits of the tax position. For tax positions that are determined to be more likely than not sustained upon audit, a company recognizes the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not determined to be more likely than not sustained upon audit, a company does not recognize any portion of the benefit in the financial statements. FIN 48 also provides guidance on derecognition, classification, penalties and interest, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted the provisions of FIN 48, effective January 1, 2007.

As a result of the implementation of FIN 48, the Company recognized a $5,503 increase in reserves for uncertain tax positions. This increase was accounted for as an adjustment to the beginning balance of retained earnings on the balance sheet. Including the cumulative effect increase, at the beginning of 2007, the Company had approximately $8,902 of total gross unrecognized tax benefits. Of this amount, $5,479 (net of the Federal benefit of state taxes and other offsetting taxes) represents the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate in any future periods. The Company had accrued $592 for penalties and $728 for interest at January 1, 2007.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

As of December 31, 2008, the Company's cumulative liability for gross unrecognized tax benefits was $10,012. The Company had accrued $911 for cumulative penalties and $1,345 for cumulative interest at December 31, 2008.

The Company continues to recognize interest and penalties associated with uncertain tax positions as a component of Taxes on Income in its Consolidated Statement of Income. The Company has recognized $131 for penalties and $239 for interest on its Consolidated Statement of Income for the twelve-month period ended December 31, 2008.

The Company estimates that during the year ended December 31, 2009 it will reduce its cumulative liability for gross unrecognized tax benefits by approximately $400 to $500 due to the expiration of the statute of limitations with regard to certain tax positions. This estimated reduction in the cumulative liability for unrecognized tax benefits does not consider any increase in liability for unrecognized tax benefits with regard to existing tax positions or any increase in cumulative liability for unrecognized tax benefits with regard to new tax positions for the year ended December 31, 2009.

The Company and its subsidiaries are subject to U.S. Federal income tax, as well as the income tax of various state and foreign tax jurisdictions. Tax years that remain subject to examination by major tax jurisdictions include the Netherlands from 2003, United Kingdom, Brazil, and Italy from 2004, Spain, India, and China from 2005, the United States from 2006, and various domestic state tax jurisdictions from 1993.

During 2008, the Company derecognized several uncertain tax positions due to expiration of the applicable statutes of limitations for certain tax years. As a result, the Company recognized a $1,114 decrease in its cumulative liability for gross unrecognized tax benefits.

The Company was audited by the United Kingdom tax authorities for the tax year 2005. The United Kingdom tax authorities made no adjustments affecting the Company's uncertain tax positions for the tax year 2005. As a result, the Company recognized a $208 decrease in its cumulative liability for gross unrecognized tax benefits. The Company was audited by the United Kingdom tax authorities for the tax year 2003. The United Kingdom tax authorities made no adjustments affecting the Company's uncertain tax positions for the tax year 2003. As a result, the Company recognized a $253 decrease in its cumulative liability for gross unrecognized tax benefits for 2008.

The Company was audited in the United States by the Internal Revenue Service for the tax year 2005. The Internal Revenue Service made no adjustments affecting the Company's uncertain tax positions for the tax year 2005. As a result, the Company recognized a $188 decrease in its cumulative liability for gross unrecognized tax benefits for 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

In 2007, the Company was audited by the French tax authorities for tax years 2001 through 2004. The French tax authorities made several adjustments to the Company's transfer pricing transactions and inter-company charges. As a result, the Company recognized a $381 decrease in its cumulative liability for gross unrecognized tax benefits for 2008.

	Tabular Reconciliation December 31, 2008		Tabular Reconciliation December 31, 2007	
Unrecognized tax benefits at January 1	$	$ 10,861	$	$ 8,902
Increase unrecognized tax benefits taken in prior periods	—		367	
(Decrease) unrecognized tax benefits taken in prior periods	(115)		(510)	
Increase—foreign exchange rates	(424)		880	
		(539)		737
Increase unrecognized tax benefits taken in current period	1,824		1,333	
(Decrease) unrecognized tax benefits taken in current period	—		—	
Increase—foreign exchange rates	(48)		95	
		1,776		1,428
Increase unrecognized tax benefits due to settlements	—		—	
(Decrease) unrecognized tax benefits due to settlements	(1,030)		—	
Increase (Decrease)—foreign exchange rates	7		—	
(Decrease) in unrecognized tax benefits due to lapse of statute of limitations	(1,114)		(206)	
Increase (Decrease)—foreign exchange rates	51		—	
		(2,086)		(206)
Unrecognized tax benefits at December 31		$ 10,012		$ 10,861

Note 6—Investments in Associated Companies

Investments in associated (less than majority-owned) companies are accounted for under the equity method. Summarized financial information of the associated companies, in the aggregate, is as follows:

	December 31,	
	2008	2007
Current assets	$31,673	$28,130
Noncurrent assets	3,972	5,351
Current liabilities	17,558	11,320
Noncurrent liabilities	301	247

	Year Ended December 31,		
	2008	2007	2006
Net sales	$60,407	$51,248	$46,062
Gross margin	20,072	18,660	17,662
Operating income	3,456	3,735	3,920
Net income	806	1,658	1,574

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 7—Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. Reserves for customers filing for bankruptcy protection are generally established at 75-100% of the amount owed at the filing date, dependent on the Company's evaluation of likely proceeds from the bankruptcy process. Large and/or financially distressed customers are generally reserved for on a specific review basis while a general reserve is established for other customers based on historical experience. The Company performs a formal review of its allowance for doubtful accounts quarterly. Account balances are charged off against the allowance when the Company feels it is probable the receivable will not be recovered. The Company does not have any off-balance-sheet credit exposure related to its customers. During 2008, the Company's five largest customers accounted for approximately 28% of its consolidated net sales with the largest customer (Arcelor-Mittal Group) accounting for approximately 10% of consolidated net sales.

At December 31, 2008 and 2007, the Company had gross trade accounts receivable totaling $102,210 and $121,207 with trade accounts receivable greater than 90 days past due of $4,255 and $5,178, respectively. Following are the changes in the allowance for doubtful accounts during the years ended December 31, 2008, 2007 and 2006.

	Balance at Beginning of Period	Charged to Costs and Expenses	Write-Offs Charged to Allowance	Effect of Exchange Rate Changes	Balance at End of Period
ALLOWANCE FOR DOUBTFUL ACCOUNTS					
Year ended December 31, 2008	$ 3,072	$ 1,087	$ (505)	$ (146)	$ 3,508
Year ended December 31, 2007	$ 3,185	$ 41	$ (413)	$ 259	$ 3,072
Year ended December 31, 2006	$ 4,066	$ —	$ (961)	$ 80	$ 3,185

Note 8—Inventories

Total inventories comprise:

	December 31, 2008	December 31, 2007
Raw materials and supplies	$27,401	$24,447
Work in process and finished goods	30,018	36,291
	$57,419	$60,738

(Dollars in thousands except per share amounts)

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Note 9—Property, Plant and Equipment

Property, plant and equipment comprise:

	December 31, 2008	December 31, 2007
Land	$ 6,447	$ 6,630
Building and improvements	50,164	50,530
Machinery and equipment	116,398	116,325
Construction in progress	6,556	2,393
	179,565	175,878
Less accumulated depreciation	(118,620)	(113,591)
	$ 60,945	$ 62,287

The Company leases certain equipment under capital leases in Europe and the U.S., including its manufacturing facility in Tradate, Italy. Gross property, plant, and equipment includes $3,242 and $3,736 of capital leases with $611 and $947 of accumulated depreciation at December 31, 2008 and 2007, respectively. The following is a schedule by years of future minimum lease payments:

For the year ended December 31,	
2009	$ 372
2010	$ 563
2011	$ 48
2012	$ 27
2013	$ 21
2014 and beyond	$ —
Total net minimum lease payments	1,031
Less amount representing interest	(79)
Present value of net minimum lease payments	$ 952

Note 10—Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations” (“SFAS No. 143”). SFAS No. 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The Company adopted the standard as of January 1, 2003 and there was no material impact to the financial statements. In March 2005, the FASB issued its FASB Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations,” an interpretation of FASB Statement No. 143. The interpretation clarifies that the term conditional asset retirement obligation (“CARO”) as used in SFAS No.143, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. A liability is recorded when there is enough information regarding the timing of the CARO to perform a probability weighted discounted cash flow analysis.

The Company’s CAROs consist primarily of asbestos contained in certain manufacturing facilities and decommissioning costs related to its aboveground storage tanks. In the fourth quarter of 2005, due to a change in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

facts and circumstances at one of its manufacturing facilities, the Company determined enough information regarding the timing of cash flows was available to record a liability for $250. During 2008 and 2007, the Company accrued interest on this liability, which is included in other non-current liabilities, of $14 and $15 respectively.

Note 11—Taxes on Income

Taxes on income consist of the following:

	Year Ended December 31,		
	2008	2007	2006
Current:			
Federal	$ 211	$1,577	$ —
State	20	20	21
Foreign	3,732	5,425	5,799
	3,963	7,022	5,820
Deferred:			
Federal	355	(951)	792
Foreign	659	597	(388)
Total	$4,977	$6,668	$6,224

The components of earnings (losses) before income taxes were as follows:

	2008	2007	2006
Domestic	$ 1,960	$ (1,259)	$ 395
Foreign	14,669	23,994	18,045
Total	$16,629	$22,735	$18,440

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

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

	2008		2007	
	Current	Non-current	Current	Non-current
Retirement benefits	$2,510	$ 9,952	$ 582	$ 7,771
Allowance for doubtful accounts	455	—	403	—
Restructuring reserve	631	—	—	—
Insurance and litigation reserves	490	467	539	700
Postretirement benefits	—	2,241	—	2,467
Supplemental retirement benefits	—	2,008	—	1,692
Performance incentives	254	416	1,830	1,301
Equity-based compensation	175	848	132	591
Alternative minimum tax carryforward	—	2,092	—	2,092
Vacation pay	433	—	452	—
Insurance settlement	—	7,837	—	6,524
Operating loss carryforward	—	6,074	—	4,908
Foreign tax credit	—	3,827	—	3,237
Deferred compensation	—	—	—	429
Uncertain tax positions	—	3,200	104	2,406
Other	—	445	—	300
	4,948	39,407	4,042	34,418
Valuation allowance	—	(5,228)	—	(4,161)
Total deferred income tax assets, net	$4,948	$34,179	$4,042	$30,257
Depreciation		$ 1,535		$ 2,056
Europe pension and other		5,621		5,527
Total deferred income tax liabilities		$ 7,156		$ 7,583

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

	2008	2007	2006
Income tax provision at the Federal statutory tax rate	$5,820	$7,957	$6,454
State income tax provisions, net	13	13	13
Non-deductible entertainment and business meal expense	192	213	136
Differences in tax rates on foreign earnings and remittances	(132)	(169)	59
Uncertain tax positions	(494)	458	—
Out-of-period adjustment	—	(993)	—
Foreign tax refunds	(460)	(665)	(425)
Miscellaneous items, net	38	(146)	(13)
Taxes on income	$4,977	$6,668	$6,224

At December 31, 2008, the Company domestically had a net deferred tax asset of $15,808 inclusive of alternative minimum tax (AMT) credits of $2,092. Additionally, the Company has foreign tax credit carryovers of $3,827 which have the following expiration dates: $100 in 2012, $763 in 2013, $535 in 2014, $762 in 2016, $1,077 in 2017 and $590 in 2018. A full valuation allowance has been taken against these foreign tax credits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Finally, the Company has foreign tax loss carryforwards of $15,971 of which $355 expires in 2011, $294 in 2013, $3,326 in 2017, $240 in 2020, $1,892 in 2023 and $228 in 2028; the remaining foreign tax losses have no expiration dates. A partial valuation allowance has been established with respect to the tax benefit of these losses for $1,401.

U.S. income taxes have not been provided on the undistributed earnings of non-U.S. subsidiaries because it is the Company's intention to continue to reinvest these earnings in those subsidiaries to support growth initiatives. U.S. and foreign income taxes that would be payable if such earnings were distributed may be lower than the amount computed at the U.S. statutory rate due to the availability of tax credits. The amount of such undistributed earnings at December 31, 2008 was approximately $65,000. Any income tax liability which might result from ultimate remittance of these earnings is expected to be substantially offset by foreign tax credits.

Note 12—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 provisions 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. The Company's U.S. pension plan year ends on November 30. During the first quarter of 2008 and as required by SFAS No. 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,"* the Company changed the measurement date of its U.S. pension plan from November 30 to December 31 in order to coincide with the Company's fiscal year end. This change did not have a material impact to the Company's consolidated financial statements. The measurement date for the Company's other postretirement benefits is December 31.

In September 2006, the FASB issued SFAS No. 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"* ("SFAS 158"). SFAS 158 requires that employers recognize on a prospective basis the funded status of their defined benefit pension and other postretirement plans on their consolidated balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. SFAS 158 also requires additional disclosures in the Notes to Consolidated Financial Statements, which have been incorporated below.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

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	
	2008			2007			2008	2007
	Foreign	Domestic	Total	Foreign	Domestic	Total	Domestic	Domestic
Change in benefit obligation								
Benefit obligation at beginning of year	$48,553	$ 66,201	$114,754	$46,639	$ 65,958	$112,597	$ 9,180	$10,283
Service cost	1,890	925	2,815	1,913	660	2,573	19	25
Interest cost	2,617	3,812	6,429	2,295	3,629	5,924	571	522
Employee contributions	132	—	132	138	—	138	—	—
Amendments	—	768	768	—	—	—	—	—
Benefits paid	(1,263)	(4,659)	(5,922)	(1,296)	(4,422)	(5,718)	(1,328)	(1,207)
Plan expenses and premiums paid	(361)	(175)	(536)	(370)	(80)	(450)	—	—
Actuarial (gain)/loss	(3,520)	(64)	(3,584)	(4,917)	456	(4,461)	1,206	(443)
Translation difference	(4,471)	—	(4,471)	4,151	—	4,151	—	—
Benefit obligation at end of year	$43,577	$ 66,808	$110,385	$48,553	$ 66,201	$114,754	$ 9,648	$ 9,180
Change in plan assets								
Fair value of plan assets at beginning of year	$46,203	$ 45,741	91,944	$41,160	$ 40,861	$ 82,021	$ —	$ —
Actual return on plan assets	(955)	(11,132)	(12,087)	1,174	3,435	4,609	—	—
Employer contributions	3,414	4,941	8,355	1,359	5,947	7,306	1,328	1,207
Employee contributions	132	—	132	138	—	138	—	—
Benefits paid	(1,263)	(4,659)	(5,922)	(1,296)	(4,422)	(5,718)	(1,328)	(1,207)
Plan expenses and premiums paid	(361)	(175)	(536)	(370)	(80)	(450)	—	—
Translation difference	(3,738)	—	(3,738)	4,038	—	4,038	—	—
Fair value of plan assets at end of year	$43,432	$ 34,716	$ 78,148	$46,203	$ 45,741	$ 91,944	$ —	$ —
Funded status	$ (145)	$(32,092)	$ (32,237)	$ (2,350)	$(20,460)	$ (22,810)	$(9,648)	$ (9,180)
Adjustments for contributions in December	—	—	—	—	1,250	1,250	—	—
Net amount recognized	$ (145)	$(32,092)	$ (32,237)	$ (2,350)	$(19,210)	$ (21,560)	$(9,648)	$ (9,180)
Amounts recognized in the balance sheet consist of:								
Non-current asset/Prepaid benefit cost	$ 3,133	$ —	$ 3,133	$ 1,685	$ —	$ 1,685	$ —	$ —
Current liabilities	(209)	(6,111)	(6,320)	(231)	(495)	(726)	(1,060)	(1,000)
Non-current liabilities	(3,069)	(25,981)	(29,050)	(3,804)	(18,715)	(22,519)	(8,588)	(8,180)
Net amount recognized	$ (145)	$(32,092)	$ (32,237)	$ (2,350)	$(19,210)	$ (21,560)	$(9,648)	$ (9,180)
Amounts not yet reflected in net periodic benefit costs and included in accumulated other comprehensive income:								
Transition asset (obligation)	$ 194	$ —	$ 194	$ 401	$ —	$ 401	$ —	$ —
Prior service credit (cost)	(196)	(813)	(1,009)	(244)	(106)	(350)	26	93
Accumulated gain (loss)	(6,182)	(32,080)	(38,262)	(7,565)	(18,070)	(25,635)	(2,832)	(1,802)
Accumulated other comprehensive income (AOCI)	(6,184)	(32,893)	(39,077)	(7,408)	(18,176)	(25,584)	(2,806)	(1,709)
Cumulative employer contributions in excess of net period benefit cost	6,039	801	6,840	5,058	(1,034)	4,024	(6,842)	(7,471)
Net amount recognized	$ (145)	$(32,092)	$ (32,237)	$ (2,350)	$(19,210)	$ (21,560)	$(9,648)	$ (9,180)

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The accumulated benefit obligation for all defined benefit pension plans was $106,798 ($66,326 Domestic, $40,472 Foreign) and $108,324 ($65,722 Domestic, $42,602 Foreign) at December 31, 2008 and 2007, respectively.

Information for pension plans with accumulated benefit obligation in excess of plan assets:

	2008			2007		
	Foreign	Domestic	Total	Foreign	Domestic	Total
Projected benefit obligation	$ 8,154	$ 66,808	$ 74,962	$ 11,944	$ 66,201	$ 78,145
Accumulated benefit obligation	7,215	66,326	73,541	10,500	65,722	76,222
Fair value of plan assets	4,875	34,716	39,591	7,909	45,742	53,651

Information for pension plans with a projected benefit obligation in excess of plan assets:

	2008			2007		
	Foreign	Domestic	Total	Foreign	Domestic	Total
Projected benefit obligation	$ 8,154	$ 66,808	$ 74,962	$ 11,944	$ 66,201	$ 78,145
Fair value of plan assets	4,875	34,716	39,591	7,909	45,742	53,651

Components of net periodic benefit cost—pension plans:

	2008			2007		
	Foreign	Domestic	Total	Foreign	Domestic	Total
Service cost	$ 1,890	$ 925	$ 2,815	$ 1,913	$ 660	$ 2,573
Interest cost	2,617	3,812	6,429	2,295	3,629	5,924
Expected return on plan assets	(2,205)	(3,915)	(6,120)	(1,802)	(3,556)	(5,358)
Other, amortization, net	28	1,034	1,062	365	955	1,320
Net periodic benefit cost	$ 2,330	$ 1,856	$ 4,186	$ 2,771	$ 1,688	$ 4,459

	2006		
	Foreign	Domestic	Total
Service cost	$ 2,025	$ 586	$ 2,611
Interest cost	1,920	3,575	5,495
Expected return on plan assets	(1,596)	(3,222)	(4,818)
Pension plan curtailment	(983)	—	(983)
Other, amortization, net	679	831	1,510
Net periodic benefit cost	$ 2,045	$ 1,770	$ 3,815

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Other changes recognized in other comprehensive income:

	2008			2007		
	Foreign	Domestic	Total	Foreign	Domestic	Total
Net (gain) loss arising during period	$ (360)	$ 14,983	$ 14,623	$ (4,289)	$ 578	$ (3,711)
Prior service cost (credit) arising during the period	—	768	768	—	—	—
Recognition of amortizations in net periodic benefit cost						
Transition (obligation) asset	199	—	199	185	—	185
Prior service (cost) credit	(34)	(61)	(95)	(32)	(13)	(45)
Actuarial gain (loss)	(193)	(973)	(1,166)	(518)	(943)	(1,461)
Effect of exchange rates on amounts included in AOCI	(836)	—	(836)	746	—	746
Total recognized in other comprehensive income	(1,224)	14,717	13,493	(3,908)	(378)	(4,286)
Total recognized in net periodic benefit cost and other comprehensive income	$ 1,106	$ 16,573	$ 17,679	$ (1,137)	$ 1,310	$ 173

	2006		
	Foreign	Domestic	Total
Total recognized in other comprehensive income	9,312	318	9,630
Total recognized in net periodic benefit cost and other comprehensive income	$11,357	$ 2,088	$13,445

Components of net periodic benefit cost—other postretirement plan:

	2008	2007	2006
Service cost	$ 19	$ 25	$ 15
Interest cost and other	680	539	570
Net periodic benefit cost	$699	$564	$585

Other changes recognized in other comprehensive income:

	2008	2007	2006
Net (gain) loss arising during period	$1,206	$(444)	—
Recognition of amortizations in net periodic benefit cost			
Prior service (cost) credit	67	67	—
Actuarial gain (loss)	(175)	(84)	—
Total recognized in other comprehensive income	1,098	(461)	2,169
Total recognized in net periodic benefit cost and other comprehensive income	$1,797	$ 103	$2,754

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Estimated amounts that will be amortized from accumulated other comprehensive loss over the next fiscal year:

	Pension Plans			Other Postretirement Benefits
	Foreign	Domestic	Total	
Transition obligation (asset)	$ (189)	$ —	$ (189)	$ —
Actuarial (gain) loss	(21)	1,792	1,771	170
Prior service cost (credit)	32	83	115	(70)
	$ (178)	$ 1,875	$1,697	$ 100

Weighted-average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
U.S. Plans:				
Discount rate	6.25%	5.75%	6.25%	5.75%
Rate of compensation increase	3.375%	3.375%	N/A	N/A
Foreign Plans:				
Discount rate	5.83%	5.55%	N/A	N/A
Rate of compensation increase	3.92%	3.95%	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit costs for years ended December 31:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
U.S. Plans:				
Discount rate	5.750%	5.500%	5.75%	5.50%
Expected long-term return on plan assets	8.500%	8.500%	N/A	N/A
Rate of compensation increase	3.375%	3.375%	N/A	N/A
Foreign Plans:				
Discount rate	5.55%	4.81%	N/A	N/A
Expected long-term return on plan assets	4.68%	4.19%	N/A	N/A
Rate of compensation increase	3.95%	3.19%	N/A	N/A

The long-term rates of return on assets were selected from within the reasonable range of rates determined by (a) historical real returns for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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Assumed health care cost trend rates at December 31:

	2008	2007
Health care cost trend rate for next year	9.00%	8.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2018	2014

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% point Increase	1% point Decrease
Effect on total service and interest cost	$ 27	$ (25)
Effect on postretirement benefit obligations	460	(420)

Plan Assets

The Company's pension plan target asset allocation and the weighted-average asset allocations at December 31, 2008 and 2007 by asset category were as follows:

	Plan Assets at December 31,		
	Target	2008	2007
Asset Category			
U.S. Plans			
Equity securities	61%	50%	60%
Debt securities	32%	37%	14%
Other	7%	13%	26%
Total	100%	100%	100%
Foreign Plans			
Equity securities and other	11%	11%	15%
Debt securities	89%	89%	85%
Total	100%	100%	100%

As of December 31, 2008 and 2007, "Other" consisted principally of hedge funds (approximately 5% of plan assets) and/or cash and cash equivalents (approximately 8% and 21% of plan assets, respectively). Based upon current market conditions temporary addendums to the investment policy were approved in May 2006 and in March 2009. These addendums allowed for a greater range of the mix between equity securities, debt securities and cash and cash equivalents around the stated long-term target allocation percentages presented in the above table. The Company is in compliance with all approved ranges of asset allocations.

The general principles guiding investment of U.S. pension assets are those embodied in the Employee Retirement Income Security Act of 1974 (ERISA). These principles include discharging the Company's investment responsibilities for the exclusive benefit of plan participants and in accordance with the "prudent expert" standard and other ERISA rules and regulations. The Company establishes strategic asset allocation percentage targets and appropriate benchmarks for significant asset classes with the aim of achieving a prudent balance between return and risk. The interaction between plan assets and benefit obligations is periodically studied to assist in establishing such strategic asset allocation targets. The Company's pension investment professionals have discretion to manage the assets within established asset allocation ranges approved by senior management of the Company.

(Dollars in thousands except per share amounts)

The total value of plan assets for the Company's pension plans is $78,148 and $91,944 as of December 31, 2008 and 2007, respectively. U.S. pension assets include Company common stock in the amounts of $165 (less than 1% of total U.S. plan assets), and $220 (less than 1% of total U.S. plan assets) at December 31, 2008 and 2007, respectively.

Cash Flows

Contributions

The Company expects to make minimum cash contributions of $12,584 to its pension plans ($9,211 Domestic, $3,373 Foreign) and $1,060 to its other postretirement benefit plan in 2009.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits			Other Postretirement Benefits
	Foreign	Domestic	Total	
2009	$ 1,324	$ 9,722	$11,046	$ 1,060
2010	1,409	6,908	8,317	1,070
2011	1,582	4,510	6,092	1,050
2012	1,706	4,552	6,258	1,030
2013	1,661	5,170	6,831	1,000
2014 and beyond	10,220	23,058	33,278	4,300

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 $1,773, $1,297 and $1,076 in 2008, 2007 and 2006, respectively, representing the annual accrued benefits under this plan.

Defined Contribution Plan

The Company has a 401(k) plan with an employer match covering substantially all domestic employees. Effective January 1, 2006, the plan added a nonelective contribution on behalf of participants who have completed one year of service equal to 3% of the eligible participants' compensation. Total Company contributions were $1,774, $1,634 and $1,402 for 2008, 2007 and 2006, respectively.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 13—Debt

Debt consisted of the following:

	December 31, 2008	December 31, 2007
Industrial development authority monthly 5.10% fixed rate demand bonds maturing 2018	$ 5,000	$ 5,000
Industrial development authority monthly 4.76% fixed rate demand bond maturing 2028	10,000	—
Credit facilities (3.55% weighted average borrowing rate at December 31, 2008)	71,469	73,848
Other debt obligations (including capital leases)	2,398	3,927
	88,867	82,775
Short-term debt	(3,140)	(2,533)
Current portion of long-term debt	(1,491)	(1,755)
	$84,236	$78,487

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 the Company’s debt, including capital lease maturities, are due as follows: $4,631 in 2009, $612 in 2010, $46 in 2011, $68,557 in 2012, $21 in 2013 and $15,000 beyond 2013.

On August 13, 2007, Quaker and certain of its wholly owned subsidiaries entered into a second amendment to the syndicated multicurrency credit agreement with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, and certain other financial institutions as lenders. The amendment increased the maximum principal amount available for revolving credit borrowings from $100,000 to $125,000, which can be increased to $175,000 at the Company’s option if lenders agree to increase their commitments and the Company satisfies certain conditions. The amendment also extended the maturity date of the credit facility from 2010 to 2012. In general, borrowings under the credit facility bear interest at either a base rate or LIBOR rate plus a margin based on the Company’s consolidated leverage ratio.

In February 2007, the Company completed a refinancing of its existing industrial development bonds to fix the interest rate on an additional $5,000 of debt. In May 2008, the Company entered into a financing agreement to issue a $10,000 Industrial Development Revenue Bond to finance the expansion of the Company’s Middletown, Ohio manufacturing facility. The bond is redeemable on May 1, 2028, and bears interest at an annual rate of 4.76%, payable monthly. Proceeds from the bond issuance are restricted, and can be used only for capital expenditures related to the expansion. Of the $10,000 received from the bond issuance, approximately $1,719 had been expended at December 31, 2008.

The provisions of the agreements require that the Company maintain certain financial ratios and covenants, all of which the Company was in compliance with as of December 31, 2008 and 2007. Under its most restrictive covenants, the Company could have borrowed an additional $42,490 at December 31, 2008. At December 31, 2008 and 2007, the Company had approximately $71,469 and $73,848 outstanding on these credit lines at a weighted average borrowing rate of 3.55% and 5.8%, respectively. The Company has entered into interest rate swaps in order to fix a portion of its variable rate debt and mitigate the risks associated with higher interest rates. The combined notional value of the swaps was $40,000 at December 31, 2008.

As discussed in a Current Report on Form 8-K filed on February 20, 2009, the Company has amended its credit facility to provide covenant relief related to the 2008 and 2009 restructuring programs and the CEO transition costs. In addition, the amendment temporarily increases the maximum permitted leverage ratio from 3.5 to 4.0 during the period from June 30, 2009 to September 30, 2009, and to 3.75 during the period from December 31, 2009 to March 31, 2010. In February 2009, the Company also amended two Industrial Revenue Bonds totaling $15,000 to provide for the same changes in terms as the credit facility.

At December 31, 2008 and 2007, the amounts at which the Company's debt is recorded are not materially different from their fair market value.

Note 14—Shareholders' Equity and Stock-Based Compensation

The Company has 30,000,000 shares of common stock authorized, with a par value of $1, and 10,833,325 shares issued as of December 31, 2008.

Holders of record of the Company's common stock for a period of less than 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.

The Company is authorized to issue 10,000,000 shares of preferred stock, $1 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.

On March 6, 2000, the Company's 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.

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.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), *Share-Based Payment,* ("SFAS 123R"). SFAS 123R requires the recognition of the fair value of stock compensation in net income. The Company elected the modified prospective method in adopting SFAS 123R. Under this method, the provisions of SFAS 123R apply to all awards granted or modified after the date of adoption. In addition, the unrecognized expense of awards not yet vested at the date of adoption is recognized in net income in the periods after the date of adoption using the same valuation method (e.g. Black-Scholes) and assumptions determined under the original provisions of SFAS 123, "*Accounting for Stock-Based Compensation,*" as disclosed in the Company's previous filings.

Effective October 3, 2008, Ronald J. Naples, Chairman, retired as the Company's Chief Executive Officer. In accordance with Mr. Naples' Employment, Transition and Consulting Agreement, Mr. Naples' equity-based compensation awards (both nonvested stock and stock options) had to be remeasured and vesting accelerated to coincide with the October 3, 2008 retirement date. These actions resulted in incremental equity compensation expense of approximately $2,437 ($989 for nonvested stock and $1,448 for stock options) for the year ended December 31, 2008. These incremental expenses are included in the following reconciliation to total equity-based compensation expense.

The Company recognized approximately $3,901 of share–based compensation expense and $1,365 of related tax benefits in our consolidated statement of income for the year ended December 31, 2008. The compensation expense was comprised of $1,919 related to stock options, $1,809 related to nonvested stock awards, $46 related to the Company's Employee Stock Purchase Plan, and $127 related to the Company's Director Stock Ownership Plan. The Company recognized approximately $1,550 of share–based compensation expense and $543 of related tax benefits in our consolidated statement of income for the year ended December 31, 2007. The compensation expense was comprised of $408 related to stock options, $980 related to nonvested stock awards, $41 related to the Company's Employee Stock Purchase Plan, and $121 related to the Company's Director Stock Ownership Plan. The Company recognized approximately $857 of share-based compensation expense and $300 of related tax benefits in our consolidated statement of income for the year ended December 31, 2006. The compensation expense was comprised of $224 related to stock options, $474 related to nonvested stock awards, $34 related to the Company's Employee Stock Purchase Plan, and $125 related to the Company's Director Stock Ownership Plan.

Approximately $91 of the amount of compensation cost recognized in 2006 for stock option awards reflects amortization relating to the remaining unvested portion of stock option awards granted prior to January 1, 2006. The estimated fair value of the options granted during prior years was calculated using a Black-Scholes model. The Black-Scholes model incorporates assumptions to value stock-based awards. The Company will continue to use the Black-Scholes option pricing model to value stock-based awards. The estimated fair value of the Company's stock-based awards is amortized on a straight-line basis over the vesting period of the awards. The risk-free rate of interest for periods within the contractual life of the option is based on U.S. Government Securities Treasury Constant Maturities over the contractual term of the equity instrument. Expected volatility is based on the historical volatility of the Company's stock. The Company uses historical data on exercise timing to determine the expected life assumption.

Based on our historical experience, we have assumed a forfeiture rate of 13% on the nonvested stock. Under the true-up provisions of SFAS 123R, we will record additional expense if the actual forfeiture rate is lower than we estimated, and will record a recovery of prior expense if the actual forfeiture is higher than we estimated.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

The adoption of SFAS 123R had an impact of $91 due to the accrual of compensation expense on the unvested stock options for the year ended December 31, 2006.

The Company has a long-term incentive program (“LTIP”) 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 become 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 or later and ten years for options issued in prior years. Beginning in 1999, the LTIP program provided for common stock awards, the value of which was generally derived from Company performance over a three-year period. In the fourth quarter of 2007, the Company recorded equity-based compensation expense of $378 as it became probable that the performance condition regarding the Company’s 2005 grant would be achieved. Common stock awards issued in 2006, 2007 and 2008 under the LTIP program are subject only to time vesting over a three to five-year period. In addition, as part of the Company’s Global Annual Incentive Plan (“GAIP”), nonvested shares may be issued to key employees, which generally vest over a two to five-year period.

Stock option activity under all plans is as follows:

	2008			2007		
	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)
Options outstanding at January 1,	1,033,175	21.36		1,092,420	20.69	
Options granted	145,184	19.45		166,065	23.13	
Options exercised	(683,982)	21.43		(183,335)	18.46	
Options forfeited	(14,411)	20.81		(29,956)	23.16	
Options expired	(77,462)	17.83		(12,019)	24.04	
Options outstanding at December 31,	402,504	21.26	3.1	1,033,175	21.36	3.1
Options exercisable at December 31,	311,741	21.43	2.4	808,035	21.16	2.3

	2006		
	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)
Options outstanding at January 1,	1,183,485	19.88	
Options granted	120,600	19.98	
Options exercised	(175,750)	14.57	
Options forfeited	(2,375)	23.08	
Options expired	(33,540)	21.77	
Options outstanding at December 31,	1,092,420	20.69	3.2
Options exercisable at December 31,	948,010	20.65	2.8

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

The total intrinsic value of options exercised during 2008 was approximately $5,954. Intrinsic value is calculated as the difference between the current market price of the underlying security and the strike price of a related option. As of December 31, 2008, the total intrinsic value of options outstanding and exercisable options was $0.

A summary of the Company's outstanding stock options at December 31, 2008 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/2008	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/2008	Weighted Average Exercise Price
18.63—21.28	228,355	3.37	19.67	165,340	19.72
21.29—23.94	144,024	3.08	22.76	116,276	22.68
23.95—26.60	30,125	1.71	26.05	30,125	26.05
	402,504	3.14	21.26	311,741	21.43

As of December 31, 2008, unrecognized compensation expense related to options granted in 2006 was $9, for options granted during 2007 was $77 and for options granted in 2008 was $150.

During the second quarter of 2006, the Company granted 120,600 stock options under the Company's LTIP plan, that are subject only to time vesting over a three-year period. The options were valued using the Black-Scholes model with the following assumptions: dividend yield of 4.1%, expected volatility of 27.1%, risk free interest rate of 5.0%, an expected term of six years, and a forfeiture rate of 3% over the remaining life of the options. Approximately $307, $209 and $133 of expense was recorded on these options during 2008, 2007 and 2006, respectively. The fair value of these awards is amortized on a straight-line basis over the awards vesting period.

During the first quarter of 2007, the Company granted 166,065 stock options under the Company's LTIP plan subject only to time vesting over a three-year period. The options were valued using the Black-Scholes model with the following assumptions: dividend yield of 4.4%, expected volatility of 27.0%, risk free interest rate of 4.7%, an expected term of six years, and a forfeiture rate of 3% over the remaining life of the options. Approximately $660 and $199 of expense was recorded on these options during 2008 and 2007, respectively. The fair value of these awards is amortized on a straight-line basis over the vesting period of the awards.

During the first quarter of 2008, the Company granted 145,184 stock options under the Company's LTIP plan subject only to time vesting over a three-year period. The options were valued using the Black-Scholes model with the following assumptions: dividend yield of 4.1%, expected volatility of 30.31%, risk free interest rate of 3.15%, an expected term of six years, and a forfeiture rate of 3% over the remaining life of the options. Approximately $951 of expense was recorded on these options during 2008. The fair value of these awards is amortized on a straight-line basis over the vesting period of the awards.

Under the Company's LTIP plan, 72,110 shares were outstanding as of December 31, 2007. In the first quarter of 2008, 48,431 shares of nonvested stock were granted at a weighted average grant date fair value of $19.45. In the second quarter of 2008, 5,000 shares of nonvested stock were granted at a weighted average grant date fair value of $30.51. In addition, in the second quarter of 2008, 1,536 shares of nonvested stock were granted to Directors at a weighted average grant date fair value of $31.10. In the third quarter of 2008, 15,000 shares were granted at a weighted average grant date fair value of $27.34. During the fourth quarter of 2008, 3,264 shares of nonvested stock were granted to Directors at a weighted average grant date fair value of $29.38. As of December 31, 2008, 49,495 of these awards were vested, 6,055 shares were forfeited and 89,791 shares were outstanding. The fair value of the nonvested stock is based on the trading price of the Company's common stock on the date of grant. The Company adjusts the grant date fair value for expected forfeitures based on historical experience for similar awards. As of December 31, 2008, unrecognized compensation expense related to these awards was $1,093, to be recognized over a weighted average remaining period of 2.1 years.

Under the Company's GAIP plan, 42,500 shares of nonvested stock were granted during the second quarter of 2005 at a weighted average grant date fair value of $20.12 per share. At December 31, 2007, 27,500 shares were outstanding. Through December 31, 2008, 13,750 shares vested, 5,000 shares were forfeited and 8,750 were outstanding. As of December 31, 2008, unrecognized compensation expense related to these awards was $26 to be recognized over a weighted average remaining period of 1.0 years.

Employee Stock Purchase Plan

In 2000, the Board adopted an Employee Stock Purchase Plan ("ESPP") whereby employees may purchase Company stock through a payroll deduction plan. Purchases are made from the plan and credited to each participant's account at the end of each month, the "Investment Date." The purchase price of the stock is 85% of the fair market value on the Investment Date. The plan is compensatory and the 15% discount is expensed on the Investment Date. All employees, including officers, are eligible to participate in this plan. A participant may withdraw all uninvested payment balances credited to a participant's account at any time by giving written notice to the Committee. An employee whose stock ownership of the Company exceeds five percent of the outstanding common stock is not eligible to participate in this plan.

2003 Director Stock Ownership Plan

In March 2003, our Board of Directors approved a stock ownership plan for each member of our Board to encourage the Directors to increase their investment in the Company. The Plan was effective on the date it was approved and remains in effect for a term of ten years or until it is earlier terminated by the Board. The maximum number of shares of Common Stock which may be issued under the Plan is 75,000, subject to certain conditions that the Committee may elect to adjust the number of shares. As of December 31, 2008, the Committee has not made any elections to adjust the shares under this plan. Each Director is eligible to receive an annual retainer for services rendered as a member of the Board of Directors. Currently, each Director who owns less than 7,500 shares of Company Common Stock is required to receive 75% of the annual retainer in Common Stock and 25% of the annual retainer in cash. Each Director who owns 7,500 or more shares of Company Common Stock receives 20% of the annual retainer in Common Stock and 80% of the annual retainer in cash with the option to receive Common Stock in lieu of the cash portion of the retainer. Currently, the annual retainer is $28. During the third quarter of 2008, an immediate $10 increase to the Directors' retainer, payable in cash, was approved. The number of shares issued in payment of the fees is calculated based on an amount equal to the average of the closing prices per share of Common Stock as reported on the composite tape of the New York Stock Exchange for the two trading days immediately preceding the retainer payment date. The retainer payment date is June 1. The Company recorded approximately $127, $121 and $125 of expense in 2008, 2007 and 2006, respectively.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 15—Earnings Per Share

The following table summarizes earnings per share ("EPS") calculations for the years ended December 31, 2008, 2007 and 2006:

	December 31, 2008	December 31, 2007	December 31, 2006
Numerator for basic EPS and diluted EPS—net income	$ 11,132	$ 15,471	$ 11,667
Denominator for basic EPS—weighted average shares	10,419,654	9,986,347	9,778,745
Effect of dilutive securities, primarily employee stock options and nonvested stock	133,671	120,571	75,355
Denominator for diluted EPS—weighted average shares and assumed conversions	10,553,325	10,106,918	9,854,100
Basic EPS	$ 1.07	$ 1.55	$ 1.19
Diluted EPS	$ 1.05	$ 1.53	$ 1.18

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: 162,183, 413,753 and 787,020 in 2008, 2007 and 2006, respectively.

Note 16—Business Segments

The Company's reportable segments are as follows:

(1) Metalworking process chemicals—industrial process fluids for various heavy industrial and manufacturing applications.

(2) Coatings—temporary and permanent coatings for metal and concrete products and chemical milling maskants.

(3) Other chemical products—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. Inter-segment transactions are immaterial.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

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

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
2008				
Net sales	$ 540,094	$37,327	$ 4,220	$ 581,641
Operating income	61,120	8,714	91	69,925
Depreciation	9,252	639	72	9,963
Segment assets	362,676	21,217	1,546	385,439
2007				
Net sales	$ 506,033	$36,646	$ 2,918	$ 545,597
Operating income	74,285	8,305	102	82,692
Depreciation	9,747	706	56	10,509
Segment assets	377,770	20,012	1,267	399,049
2006				
Net sales	$ 425,777	$32,684	$ 1,990	$ 460,451
Operating income	61,944	7,818	71	69,833
Depreciation	8,458	649	40	9,147
Segment Assets	337,329	19,055	998	357,382

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 non-consolidated affiliates.

A reconciliation of total segment operating income to total consolidated income before taxes for the years ended December 31, 2008, 2007 and 2006 is as follows:

	2008	2007	2006
Total operating income for reportable segments	$ 69,925	$ 82,692	$ 69,833
Restructuring and related charges	(2,916)	—	—
CEO transition charges	(3,505)	—	—
Environmental charges	—	(3,300)	—
Non-operating charges	(41,468)	(51,811)	(45,785)
Depreciation of corporate assets and amortization	(2,093)	(2,374)	(2,416)
Interest expense	(5,509)	(6,426)	(5,520)
Interest income	1,100	1,376	1,069
Other income, net	1,095	2,578	1,259
Consolidated income before taxes	$ 16,629	$ 22,735	$ 18,440

(Dollars in thousands except per share amounts)

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

	2008	2007	2006
Net sales			
North America	$ 239,466	$ 232,550	$ 202,979
Europe	175,741	168,982	141,444
Asia/Pacific	98,231	82,059	63,600
South America	64,998	58,538	49,281
South Africa	3,205	3,468	3,147
Consolidated	$ 581,641	$ 545,597	$ 460,451

	2008	2007	2006
Long-lived assets			
North America	$ 80,328	$ 80,170	$ 79,206
Europe	39,400	40,701	36,455
Asia/Pacific	14,467	13,687	10,203
South America	16,217	20,694	16,671
South Africa	22	39	33
Consolidated	$ 150,434	$ 155,291	$ 142,568

Note 17—Business Acquisitions and Divestitures

In May 2007, the Company's Q2 Technologies, ("Q2T") joint venture acquired the oil and gas field chemical business of Frontier Research and Chemicals Company, Inc., for $527 cash. The acquisition of this business is compatible with the products provided by Q2T and represents an attractive market addition. In connection with the acquisition, $394 of intangible assets were recorded to be amortized over five years.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

In the fourth quarter of 2006, the Company acquired the remaining interest in its Chinese joint venture. In accordance with the purchase agreement, payments for the acquisition occur as follows: $614 within five business days of closing, $825 one year from the closing date, $825 two years from the closing date, and $889 three years from the closing date. The Company recorded the present value of the remaining payments as debt. The Company made the first payment in the fourth quarter of 2006, the second payment in the fourth quarter of 2007 and the third payment in the fourth quarter of 2008. In addition, the Company allocated $797 to intangible assets, comprising customer lists to be amortized over ten years and a non-compete agreement to be amortized over two years. The Company also recorded $230 of goodwill, which was assigned to the metalworking process chemicals segment. The following table shows the allocation of purchase price of assets and liabilities recorded at the acquisition date. The pro forma results of operations have not been provided because the effects were not material:

	December 31, 2006
Current assets	$ 3,114
Fixed assets	237
Intangibles	797
Goodwill	230
Other non current assets	34
Total assets	4,412
Current liabilities	1,538
Current portion of long-term debt	1,393
Long-term debt	1,481
Total liabilities	4,412
Cash Paid	$ —

In March 2005, the Company acquired the remaining 40% interest in its Brazilian joint venture for $6,700. In addition, annual $1,000 payments for four years will be paid subject to the former minority partners' compliance with the terms of the purchase agreement. In connection with the acquisition, the Company allocated $1,475 to intangible assets, comprising customer lists of $600 to be amortized over 20 years and non-compete agreements of $875 to be amortized over five years. The Company also recorded $610 of goodwill, which was assigned to the metalworking process chemicals segment. The first $1,000 payment was made in March 2006, the second payment of $1,000 was made in February 2007 and the third payment of $1,000 was made in February 2008. All three payments were recorded as goodwill and assigned to the metalworking process chemicals segment.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 18—Goodwill and Other Intangible Assets

The Company completed its annual impairment assessment as of the end of the third quarter of 2008 and no impairment charge was warranted. The changes in carrying amount of goodwill for the years ended December 31, 2008 and 2007 are as follows:

	Metalworking Process Chemicals	Coatings	Total
Balance as of December 31, 2006	$ 31,471	$ 7,269	$38,740
Goodwill additions	1,016	—	1,016
Currency translation adjustments and other	3,221	812	4,033
Balance as of December 31, 2007	$ 35,708	$ 8,081	$43,789
Goodwill additions	1,000	—	1,000
Currency translation adjustments	(3,792)	—	(3,792)
Balance as of December 31, 2008	$ 32,916	$ 8,081	$40,997

Gross carrying amounts and accumulated amortization for definite-lived intangible assets as of December 31 are as follows:

	Gross Carrying Amount		Accumulated Amortization	
	2008	2007	2008	2007
Amortized intangible assets				
Customer lists and rights to sell	$ 8,108	$ 8,391	$ 3,815	$ 3,340
Trademarks and patents	1,788	1,788	1,788	1,788
Formulations and product technology	3,278	3,278	2,192	1,931
Other	3,072	3,384	2,634	2,509
Total	$ 16,246	$ 16,841	$ 10,429	$ 9,568

The Company recorded $1,177, $1,197 and $1,427 of amortization expense in 2008, 2007 and 2006, respectively. Estimated annual aggregate amortization expense for the subsequent five years is as follows:

For the year ended December 31, 2009	$1,113
For the year ended December 31, 2010	$ 897
For the year ended December 31, 2011	$ 828
For the year ended December 31, 2012	$ 730
For the year ended December 31, 2013	$ 546

The Company has one indefinite-lived intangible asset of $600 for trademarks.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 19—Other Assets

Other assets comprise:

	December 31, 2008	December 31, 2007
Restricted insurance settlement	$ 22,401	$ 18,651
Pension assets	3,133	1,684
Deferred compensation assets	1,104	5,214
Supplemental retirement income program	3,437	3,915
Uncertain tax positions	1,636	1,860
Other	2,377	2,695
Total	$ 34,088	$ 34,019

In December 2005, an inactive subsidiary of the Company reached a settlement agreement and release with one of its insurance carriers for $15,000. In accordance with the agreement, the subsidiary received $7,500 cash in December 2005 and the remaining $7,500 in December of 2006. In the first quarter of 2007, the subsidiary reached a settlement agreement and release with another one of its insurance carriers for $20,000 payable in four annual installments of $5,000, the first of which was received in the second quarter of 2007, and the second installment was received in the first quarter of 2008. Under the latest settlement and release agreement, the subsequent installments are contingent upon whether or not Federal asbestos litigation is adopted by the due date of each annual installment. If Federal asbestos legislation is so enacted, and such legislation eliminates the carrier's obligation to make the installment payment and requires the carrier to contribute into a trust or similar vehicle as a result of the policies issued to the subsidiary, then the insurance carrier's obligation to make the subsequent installments will be cancelled. The proceeds of both settlements are restricted and can only be used to pay claims and costs of defense associated with the subsidiary's asbestos litigation. The proceeds of the settlement and release agreements have been deposited into interest bearing accounts which earned approximately $306 and $705 in 2008 and 2007, respectively, offset by $1,556 and $1,854 of payments in 2008 and 2007, respectively. Due to the restricted nature of the proceeds, a corresponding deferred credit was established in "Other non-current liabilities" for an equal and offsetting amount, and will remain until the restrictions lapse or the funds are exhausted via payments of claims and costs of defense. See Notes 20 and 21 of Notes to Consolidated Financial Statements.

Note 20—Other Non-Current Liabilities

	December 31, 2008	December 31, 2007
Restricted insurance settlement	$ 22,401	$ 18,651
Uncertain tax positions	11,914	11,872
Environmental reserves	1,718	2,000
Fair value of interest rate swaps	3,105	1,102
Other (primarily deferred compensation agreements)	3,532	7,398
Total	$ 42,670	$ 41,023

See also Notes 19 and 21 of Notes to Consolidated Financial Statements.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

Note 21—Commitments and Contingencies

In April of 1992, the Company identified certain soil and groundwater contamination at AC Products, Inc. ("ACP"), a wholly owned subsidiary. In voluntary coordination with the Santa Ana California Regional Water Quality Board, ACP has been remediating the contamination, the principal contaminant of which is perchloroethylene ("PERC"). On or about December 18, 2004, the Orange County Water District ("OCWD") filed a civil complaint in Superior Court, in Orange County, California against ACP and other parties potentially responsible for groundwater contamination. OCWD was seeking to recover compensatory and other damages related to the investigation and remediation of the contamination in the groundwater. Effective October 17, 2007, ACP and OCWD settled all claims related to this litigation. Pursuant to the settlement agreement with OCWD, ACP agreed to pay $2,000 in two equal payments of $1,000 (the first payment paid October 31, 2007 and the second payment paid on February 15, 2008). In addition to the $2,000 payment, ACP agreed to operate the two existing groundwater treatment systems associated with its extraction wells P-2 and P-3 so as to hydraulically contain groundwater contamination emanating from ACP's site until such time as the concentrations of PERC are below the Federal maximum contaminant level for four consecutive quarterly sampling events. During the third quarter of 2007, the Company recognized a $3,300 charge made up of $2,000 for the settlement of the litigation, plus an increase in its reserve for its soil and water remediation program of $1,300. As of December 31, 2008, the Company believes that the range of potential-known liabilities associated with ACP contamination including the water and soil remediation program, is approximately $2,000 to $4,000, for which the Company has sufficient reserves.

The low and high ends of the range are based on the length of operation of the two extraction wells as determined by groundwater modeling with planned higher maintenance costs in later years if a longer treatment period is required. Costs of operation include the operation and maintenance of the extraction wells, groundwater monitoring, one-time expenses to insure P-3 is hydraulically containing the PERC plume and program management. The duration of the well operation was estimated based on historical trends in concentrations in the monitoring wells within the proximity of the applicable extraction wells. Also factored into the model was the impact of water injected into the underground aquifer from a planned recharge basin adjacent to the ACP site as well as from an injection well to be installed and operated by OCWD as part of the groundwater treatment system for contaminants which are the subject of the aforementioned litigation. Based on the modeling, it is estimated that P-2 will operate for three and half years to up to five years and P-3 will operate for six years to up to nine years. Operation and maintenance costs were based on historical expenditures and estimated inflation. As mentioned above, a significantly higher maintenance expense was factored into the range if the system operates for the longer period. Also included in the reserve are anticipated expenditures to operate an on-site soil vapor extraction system.

The Company believes, although there can be no assurance regarding the outcome of other unrelated environmental matters, that it has made adequate accruals for costs associated with other environmental problems of which it is aware. Approximately $99 and $159 was accrued at December 31, 2008 and December 31, 2007, respectively, to provide for such anticipated future environmental assessments and remediation costs.

An inactive subsidiary of the Company that was acquired in 1978 sold certain products containing asbestos, primarily on an installed basis, and is among the defendants in numerous lawsuits alleging injury due to exposure to asbestos. The subsidiary discontinued operations in 1991 and has no remaining assets other than the proceeds from insurance settlements received. To date, the overwhelming majority of these claims have been disposed of without payment and there have been no adverse judgments against the subsidiary. Based on a continued analysis of the existing and anticipated future claims against this subsidiary, it is currently projected that the subsidiary's total liability over the next 50 years for these claims is approximately $12,200 (excluding costs of defense). Although the Company has also been named as a defendant in certain of these cases, no claims have been actively pursued against the Company, and the Company has not contributed to the defense or settlement of any of these cases pursued against the subsidiary. These cases were handled by the subsidiary's primary and excess insurers who had agreed in 1997 to pay all defense costs and be responsible for all damages assessed against the subsidiary arising out of existing and future asbestos claims up to the aggregate limits of the policies. A significant portion of this primary insurance coverage was provided by an insurer that is now insolvent, and the other primary insurers have asserted that the aggregate limits of their policies have been exhausted. The subsidiary has challenged the applicability of these limits to the claims being brought against the subsidiary. In response to this challenge, two of the three carriers entered into separate settlement and release agreements with the subsidiary in late 2005 and in the first quarter of 2007 for $15,000 and $20,000, respectively. The payments under the latest settlement and release agreement are structured to be received over a four-year period with annual installments of $5,000, the first of which was received early in the second quarter of 2007, and the second of which was received in the first quarter of 2008. The subsequent installments are contingent upon whether or not Federal asbestos legislation is adopted by the due date of each annual installment. If Federal asbestos legislation is so enacted, and such legislation eliminates the carrier's obligation to make the installment payment and requires the carrier to contribute into a trust or similar vehicle as a result of the policies issued to the subsidiary, then the insurance carrier's obligation to make the subsequent installments will be cancelled. The proceeds of both settlements are restricted and can only be used to pay claims and costs of defense associated with the subsidiary's asbestos litigation. During the third quarter of 2007, the subsidiary and the remaining primary insurance carrier entered into a Claim Handling and Funding Agreement, under which the carrier will pay 27% of defense and indemnity costs incurred by or on behalf of the subsidiary in connection with asbestos bodily injury claims for a minimum of five years beginning July 1, 2007. At the end of the term of the agreement, the subsidiary may choose to again pursue its claim against this insurer regarding the application of the policy limits. The Company also believes, that if the coverage issues under the primary policies with the remaining carrier are resolved adversely to the subsidiary and all settlement proceeds were used, the subsidiary may have limited additional coverage from a state guarantee fund established following the insolvency of one of the subsidiary's primary insurers. Nevertheless, liabilities in respect of claims may exceed the assets and coverage available to the subsidiary. See also Notes 19 and 20 of Notes to Consolidated Financial Statements.

If the subsidiary's assets and insurance coverage were to be exhausted, claimants of the subsidiary may actively pursue claims against the Company because of the parent-subsidiary relationship. Although asbestos litigation is particularly difficult to predict, especially with respect to claims that are currently not being actively pursued against the Company, the Company does not believe that such claims would have merit or that the Company would be held to have liability for any unsatisfied obligations of the subsidiary as a result of such claims. After evaluating the nature of the claims filed against the subsidiary and the small number of such claims that have resulted in any payment, the potential availability of additional insurance coverage at the subsidiary level, the additional availability of the Company's own insurance and the Company's strong defenses to claims that it should be held responsible for the subsidiary's obligations because of the parent-subsidiary relationship, the Company believes it is not probable that the Company will incur any material losses. All of the asbestos cases pursued against the Company challenging the parent-subsidiary relationship are in the early stages of litigation. The Company has been successful in the past having claims naming it dismissed during initial proceedings. Since the Company may be in this early stage of litigation for some time, it is not possible to estimate additional losses or range of loss, if any.

QUAKER CHEMICAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollars in thousands except per share amounts)

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, cash flows or financial condition.

The Company leases certain manufacturing and office facilities and equipment under non-cancelable operating leases with various terms from one to 15 years expiring in 2019. Rent expense for 2008, 2007 and 2006 was $4,473, $4,239 and $4,475, respectively. The Company's minimum rental commitments under non-cancelable operating leases at December 31, 2008, were approximately $4,263 in 2009, $3,224 in 2010, $2,423 in 2011, $2,207 in 2012, $1,451 in 2013, and $5,547 thereafter.

Note 22—Quarterly Results (unaudited)

	First	Second	Third(1)	Fourth
2008				
Net sales	$ 147,718	$ 158,188	$ 159,506	$ 116,229
Gross profit	43,635	44,786	46,525	28,115
Operating income (loss)	9,131	5,753	6,622	(1,563)
Net income (loss)	5,093	4,321	4,440	(2,722)
Net income (loss) per share—basic	$ 0.50	$ 0.42	$ 0.42	$ (0.25)
Net income (loss) per share—diluted	$ 0.50	$ 0.41	$ 0.41	$ (0.25)
2007				
Net sales	$ 124,891	$ 137,598	$ 140,715	$ 142,393
Gross profit	38,546	42,612	43,168	43,610
Operating income	6,627	7,203	3,266	8,111
Net income	3,537	4,151	3,160	4,623
Net income per share—basic	$ 0.36	$ 0.42	$ 0.32	$ 0.46
Net income per share—diluted	$ 0.35	$ 0.41	$ 0.31	$ 0.46

(1) See Note 2 of Notes to Consolidated Financial Statements.

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

None.

Item 9A. ***Controls and Procedures.***

Conclusion regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “1934 Act”). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management’s Report on Internal Control over Financial Reporting

The management of Quaker is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) promulgated under the 1934 Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control—Integrated Framework* . Based on its assessment, Quaker’s management has concluded that as of December 31, 2008, the Company’s internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in “Item 8. Financial Statements and Supplementary Data.”

Changes in Internal Controls Over Financial Reporting

At the end of 2008, subsidiaries representing approximately 75% of consolidated revenue were operational on the Company’s global ERP system. The Company is currently in the process of upgrading its global ERP system in 2009. The Company is taking the necessary steps to monitor and maintain the appropriate internal controls during this period of change.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Incorporated by reference is (i) the information beginning immediately following the caption “Proposal 1—Election of Directors and Nominee Biographies” in the Registrant’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held May 13, 2009 to be filed with the SEC no later than 120 days after the close of its fiscal year ended December 31, 2008 (the “2009 Proxy Statement”) to, but not including, the caption “Corporate Governance,” (ii) the information appearing in Item 4(a) of this Report, (iii) the information in the 2009 Proxy Statement beginning with and including the sub-caption, “Section 16(a) Beneficial Ownership Reporting Compliance” to, but not including, the sub-caption “Certain Relationships and Related Transactions,” and (iv) the information in the 2009 Proxy Statement beginning with and including the sub-caption “Code of Conduct” to, but not including the caption “Compensation Committee Interlocks and Insider Participation.”

Item 11. ***Executive Compensation.***

Incorporated by reference is the information in the 2009 Proxy Statement beginning with and including the caption “Compensation Committee Interlocks and Insider Participation” to, but not including the caption “Stock Ownership of Certain Beneficial Owners and Management.”

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Incorporated by reference is the information in the 2009 Proxy Statement beginning immediately following the caption “Stock Ownership of Certain Beneficial Owners and Management” to, but not including the sub-caption “Section 16(a) Beneficial Ownership Reporting Compliance.”

The following table sets forth certain information relating to the Company’s equity compensation plans as of December 31, 2008. Each number of securities reflected in the table is a reference to shares of Quaker common stock.

Equity Compensation Plans

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	402,504	21.26	898,088(1)
Equity compensation plans not approved by security holders	—	—	—
Total	402,504	21.26	898,088

(1) As of December 31, 2008, 364,750 of these shares were available for issuance as restricted stock awards under the Company’s 2001 Global Annual Incentive Plan, 490,951 shares were available for issuance upon the exercise of stock options and/or as restricted stock awards under the Company’s 2006 Long-Term Performance Incentive Plan, and 42,387 shares were available for issuance under the 2003 Director Stock Ownership Plan.

Item 13. ***Certain Relationships and Related Transactions and Director Independence.***

Incorporated by reference is the information in the 2009 Proxy Statement beginning immediately following the sub-caption “Certain Relationships and Related Transactions” to, but not including, the caption “Proposal 2—Ratification of Appointment of Independent Registered Public Accounting Firm,” and the additional information in the 2009 Proxy Statement beginning with and including the sub-caption “Director Independence” to, but not including the sub-caption “Governance Committee Procedures for Selecting Director Nominees.”

Item 14. ***Principal Accountant Fees and Services.***

Incorporated by reference is the information in the 2009 Proxy Statement beginning with and including the sub-caption “Audit Fees” to, but not including the statement recommending a vote for ratification of the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2009.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits and Financial Statement Schedules

1. Financial Statements and Supplementary Data.

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(i) —	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(ii) —	By-laws (as amended effective October 4, 2008). Incorporated by reference to Exhibit 10.1 as filed by Registrant with Form 10-Q for the quarter ended September 30, 2008.
4 —	Shareholder Rights Plan dated March 6, 2000. Incorporated by reference to Exhibit 1 to Form 8-K as filed by the Registrant on March 7, 2000.
10.1 —	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.*
10.2 —	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 30, 1995.*
10.3 —	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.*
10.4 —	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.*
10.5 —	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.*
10.6 —	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.*

10.7 —	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.*
10.8 —	1999 Long-Term Performance Incentive Plan as approved May 12, 1999, effective January 1, 1999. Incorporated by reference to Exhibit 10(dd) as filed by Registrant with Form 10-K for the year 1999.*
10.9 —	Deferred Compensation Plan as adopted by the Registrant dated December 17, 1999, effective July 1, 1997. Incorporated by reference to Exhibit 10(ff) as filed by Registrant with Form 10-K for the year 1999.*
10.10 —	Supplemental Retirement Income Program adopted by the Registrant on November 6, 1984, as amended November 8, 1989. Incorporated by reference to Exhibit 10(gg) as filed by Registrant with Form 10-K for the year 1999.*
10.11 —	2001 Global Annual Incentive Plan as approved May 9, 2001, effective January 1, 2001. Incorporated by reference to Exhibit10(hh) as filed by Registrant with Form 10-K for the year 2001.*
10.12 —	2001 Long-Term Performance Incentive Plan as approved May 9, 2001, effective January 1, 2001. Incorporated by reference to Exhibit 10(ii) as filed by Registrant with Form 10-K for the year 2001.*
10.13 —	Agreement of Lease between Quaker Park Associates, L.P. and Quaker Chemical Corporation dated December 19, 2000. Incorporated by reference to Exhibit 10(jj) as filed by Registrant with Form 10-K for the year 2001.*
10.14 —	2003 Director Stock Ownership Plan as approved May 14, 2003. Incorporated by reference to Exhibit 10(ww) as filed by the Registrant with Form 10-K for the year 2003.*
10.15 —	Change in Control Agreement by and between Registrant and Jose Luiz Bregolato, dated June 23, 2004, effective May 14, 2004. Incorporated by reference to Exhibit 10(aaa) as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2004.*
10.16 —	Amendment No. 1 to Employment Agreement dated March 11, 1999 between Registrant and Ronald J. Naples, effective July 21, 2004. Incorporated by reference to Exhibit 10(ccc) as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2004.*
10.17 —	1995 Naples Supplemental Retirement Income Program and Agreement (as amended and restated effective May 14, 2004) between Registrant and Ronald J. Naples dated August 4, 2004. Incorporated by reference to Exhibit 10(fff) as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2004.*
10.18 —	Credit Agreement between Registrant and Bank of America, N.A. and ABN AMRO Bank, N.V. and Banc of America Securities, in the amount of $100,000,000, dated October 14, 2005. Incorporated by reference to Exhibit 10(jjj) as filed by the Registrant with Form 10-Q for the quarter ended September 30, 2005.
10.19 —	Amendment One to Registrant’s 2001 Long-Term Performance Incentive Plan, effective February 22, 2005. Incorporated by reference to Exhibit 10.1 as filed by Registrant with Form 8-K filed on March 15, 2005.*
10.20 —	Form of Stock Option Agreement for associates under Registrant’s 2001 Long-Term Performance Incentive Plan. Incorporated by reference to Exhibit 10.2 as filed by Registrant with Form 8-K filed on March 15, 2005.*
10.21 —	Settlement Agreement and Release between Registrant, an inactive subsidiary of the Registrant, and Hartford Accident and Indemnity Company dated December 12, 2005. Incorporated by reference to Exhibit 10(nnn) as filed by the Registrant with Form 10-K for the year 2005.

10.22 —	Amendment to Registrant's Deferred Compensation Plan for key officers dated December 20, 2005. Incorporated by reference to Exhibit 10 as filed by Registrant with Form 8-K filed on December 22, 2005.*
10.23 —	Form of Restricted Stock Award Agreement for executive officers and other employees under Registrant's 2001 Long-Term Performance Incentive Plan. Incorporated by reference to Exhibit 10 as filed by Registrant with Form 8-K filed on March 6, 2006.*
10.24 —	2001 Global Annual Incentive Plan, as amended and restated incorporated by reference to Appendix D to the Corporation's definitive proxy statement filed on March 31, 2006.*
10.25 —	2006 Long-Term Performance Incentive Plan. Incorporated by reference to Appendix E to the Corporation's definitive proxy statement filed on March 31, 2006.*
10.26 —	Form of Stock Option Agreement provided for associates under the Registrant's 2006 Long-Term Performance Incentive Plan. Incorporated by reference to Exhibit 10.3 as filed by Registrant with Form 8-K filed on May 12, 2006.*
10.27 —	Form of Restricted Stock Award Agreement for executive officers and other employees under Registrant's 2006 Long-Term Performance Incentive Plan. Incorporated by reference to Exhibit 10 as filed by Registrant with Form 8-K filed on June 27, 2006.*
10.28 —	Employment Agreement by and between Quaker Chemical Limited, a UK company and a subsidiary of Registrant, and Mark A. Harris, dated August 8, 2006. Incorporated by reference to Exhibit 10 as filed by the Registrant with Form 8-K filed on August 8, 2006.*
10.29 —	Employment Agreement by and between L. Willem Platzer and Quaker Chemical B.V., a Netherlands corporation and a subsidiary of Registrant, dated August 21, 2006. Incorporated by reference to Exhibit 10 as filed by the Registrant with Form 8-K filed on August 22, 2006.*
10.30 —	First Amendment to Syndicated Multicurrency Credit Agreement between Registrant and Bank of America, N.A. and certain other financial institutions dated October 6, 2006.
10.31 —	2006 Long-Term Performance Incentive Plan (amended and restated effective November 8, 2006). Incorporated by reference to Exhibit 10(www) as filed by the Registrant with Form 10-K for the year ended 2006.*
10.32 —	Financing Agreement by and among Montgomery County Industrial Development Authority and Registrant and Brown Brothers Harriman & Co. dated February 1, 2007. Incorporated by reference to Exhibit 10(yyy) as filed by the Registrant with Form 10-K for the year ended 2006.
10.33 —	Settlement Agreement and Release between Registrant, an inactive subsidiary of Registrant and Federal Insurance Company dated March 26, 2007. Incorporated by reference to Exhibit 10(zzz) as filed by the Registrant with Form 10-Q for the quarter ended March 31, 2007.
10.34 —	Change in Control Agreement by and between Registrant and L. Willem Platzer dated April 2, 2007, effective January 1, 2007. Incorporated by reference to Exhibit 10(aaaa) as filed by the Registrant with Form 10-Q for the quarter ended March 31, 2007.*
10.35 —	Change in Control Agreement by and between Registrant and Jan F. Nieman dated June 27, 2007, effective January 1, 2007. Incorporated by reference to Exhibit 10 (cccc) as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2007.*
10.36 —	Memorandum of Employment dated June 28, 2007 between Registrant and Mark A. Featherstone, effective April 9, 2007. Incorporated by reference to Exhibit 10 as filed by the Registrant with Form 8-K filed on July 2, 2007.*
10.37 —	Amendment No.1 to the Registrant's Director Stock Ownership Plan (as amended March 7, 2007) approved on July 25, 2007. *

10.38 —	Second Amendment to Syndicated Multicurrency Credit Agreement between Registrant and Bank of America, N.A. and certain other financial institutions dated August 13, 2007. Incorporated by reference to Exhibit 10(eeee) as filed by the Registrant with Form 10-Q for the quarter ended September 30, 2007.
10.39 —	Claim Handling and Funding Agreement between SB Decking, Inc., an inactive subsidiary of Registrant, and Employers Insurance Company of Wausau dated September 25, 2007. Incorporated by reference to Exhibit 10(ffff) as filed by the Registrant with Form 10-Q for the quarter ended September 30, 2007.
10.40 —	Settlement Agreement and Mutual Release entered into between AC Products, Inc., wholly owned subsidiary of Registrant, and Orange County Water District, effective November 8, 2007. Incorporated by reference to Exhibit 10.47 as filed by the Registrant with Form 10-K for the year ended 2007.
10.41 —	Financing Agreement by and among Butler County Port Authority and Registrant and Brown Brothers Harriman & Co. dated May 15, 2008. Incorporated by reference to Exhibit 10.1 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.
10.42 —	Engineering, Procurement and Construction Contract by and between Registrant and FMC Technologies, Inc., effective May 14, 2008. Incorporated by reference to Exhibit 10.2 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.
10.43 —	Employment, Transition and Consulting Agreement by and between Registrant and Ronald J. Naples dated May 22, 2008, effective May 7, 2008. Incorporated by reference to Exhibit 10.3 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.*
10.44 —	1995 Naples Supplemental Retirement Income Program and Agreement (as amended and restated effective May 7, 2008) dated May 22, 2008. Incorporated by reference to Exhibit 10.4 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.*
10.45 —	Employment Agreeement by and between Registrant and Michael F. Barry dated July 1, 2008. Incorporated by reference to Exhibit 10.5 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.*
10.46 —	Change in Control Agreement by and between Registrant and Michael F. Barry dated July 1, 2008. Incorporated by reference to Exhibit 10.6 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.*
10.47 —	Butler County Port Authority Industrial Development Revenue Bond dated May 15, 2008. Incorporated by reference to Exhibit 10.7 as filed by the Registrant with Form 10-Q for the quarter ended June 30, 2008.
10.48 —	Memorandum of Employment by and between Registrant and Joseph F. Matrange dated September 30, 2008.*
10.49 —	Memorandum of Employment by and between Registrant and D. Jeffry Benoliel dated October 1, 2008.*
10.50 —	Consultancy Agreement by and between Registrant and Mark Harris dated October 29, 2008.*
10.51 —	Compromise Agreement by and between Registrant and Mark Harris dated October 29, 2008.*
10.52 —	Amendment to Memorandum of Employment by and between Mark A. Featherstone and Registrant dated November 19, 2008, effective January 1, 2008.*
10.53 —	Change in Control Agreement by and between Registrant and Mark A. Featherstone dated November 19, 2008, effective January 1, 2008.*
10.54 —	Change in Control Agreement by and between Registrant and D. Jeffry Benoliel dated November 19, 2008, effective January 1, 2008.*

10.55 —	Change in Control Agreement by and between Registrant and Joseph F. Matrange dated November 19, 2008, effective October 1, 2008.*
10.56 —	Change in Control Agreement by and between Registrant and Ronald S. Ettinger dated November 19, 2008, effective October 1, 2008.*
10.57 —	Change in Control Agreement by and between Registrant and George H. Hill dated November 19, 2008, effective October 1, 2008.*
10.58 —	Supplemental Retirement Income Program (as amended and restated effective January 1, 2008), approved November 19, 2008.*
10.59 —	Directors' Deferred Compensation Plan (amended and restated as of January 1, 2005), approved November 19, 2008.*
10.60 —	Amendment No. 1 to the 2001 Global Annual Incentive Plan (as amended and restated effective January 1, 2006), approved November 19, 2008.*
10.61 —	Amendment No. 1 to the 2006 Long-Term Performance Incentive Plan (as amended and restated effective November 8, 2006), approved November 19, 2008.*
10.62 —	Third Amendment to Syndicated Multicurrency Credit Agreement between Registrant and Bank of America, N.A. and certain other financial institutions dated February 13, 2009, effective February 17, 2009.
21 —	Subsidiaries and Affiliates of the Registrant
23 —	Consent of Independent Registered Public Accounting Firm
31.1 —	Certification of Chief Executive Officer of the Company pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2 —	Certification of Chief Financial Officer of the Company pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1 —	Certification of Michael F. Barry pursuant to 18 U.S.C. Section 1350.
32.2 —	Certification of Mark A. Featherstone pursuant to 18 U.S.C. Section 1350.

* This exhibit is a management contract or compensation plan or arrangement required to be filed as an exhibit to this Report.

(b) Exhibits required by Regulation 601 S-K

See (a) 3 of this Item 15

(c) Financial Statement Schedules

See (a) 2 of this Item 15

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

By: /s/ MICHAEL F. BARRY
Michael F. Barry
Chief Executive Officer and President

Date: March 5, 2009

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/ MICHAEL F. BARRY **Michael F. Barry** **Chief Executive Officer and President**	Principal Executive Officer and Director	March 5, 2009
/s/ MARK A. FEATHERSTONE **Mark A. Featherstone** **Vice President, Chief Financial Officer and Treasurer**	Principal Financial Officer	March 5, 2009
/s/ GEORGE H. HILL **George H. Hill** **Global Controller**	Principal Accounting Officer	March 5, 2009
/s/ RONALD J. NAPLES **Ronald J. Naples** **Chairman of the Board**	Chairman of the Board and Director	March 5, 2009
/s/ JOSEPH B. ANDERSON, JR. **Joseph B. Anderson, Jr.**	Director	March 5, 2009
Patricia C. Barron	Director	March __, 2009
/s/ DONALD R. CALDWELL **Donald R. Caldwell**	Director	March 5, 2009
/s/ ROBERT E. CHAPPELL **Robert E. Chappell**	Director	March 5, 2009
/s/ WILLIAM R. COOK **William R. Cook**	Director	March 5, 2009
/s/ EDWIN J. DELATTRE **Edwin J. Delattre**	Director	March 5, 2009
/s/ JEFFRY D. FRISBY **Jeffry D. Frisby**	Director	March 5, 2009
/s/ ROBERT H. ROCK **Robert H. Rock**	Director	March 5, 2009

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of October 6, 2006 (the "Effective Date"), is by and among Quaker Chemical Corporation, a Pennsylvania corporation (the "Company"), each of the Designated Borrowers party hereto, each of Lenders party hereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and ABN AMRO BANK, N.V., as Syndication Agent. Capitalized terms used and not otherwise defined in this Amendment shall have the respective meanings ascribed to them in the Credit Agreement (as defined below).

WHEREAS, the parties hereto have entered into that certain Credit Agreement dated as of October 14, 2005 (the "Credit Agreement");

WHEREAS, certain current and prospective changes in GAAP have affected, or may in the future affect, the computation of certain financial ratios and requirements set forth in the Credit Agreement and pursuant to Section 1.03(b) of the Credit Agreement, the Company has requested certain amendments to the Credit Agreement to preserve the original intent thereof; and

WHEREAS, the Company has requested, and the other parties hereto have agreed to amend certain other provisions of the Credit Agreement on the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 of this Amendment, the Credit Agreement is hereby amended as follows, effective as of the Effective Date, except as otherwise expressly set forth herein:

(a) Section 1.01 of the Credit Agreement is amended by amending and restating the following definitions, to read in their entireties as follows:

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Company and its Subsidiaries on a consolidated basis, but without duplication, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all direct obligations arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments (other than Letters of Credit to the extent such Letters of Credit support Indebtedness otherwise included in clauses (a) through (g) hereof), (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) Attributable Indebtedness in respect of capital leases (other than the Permitted Sale and Leaseback Transaction, to the extent same is subject to a Lease Accounting Rules Change) and Synthetic Lease Obligations, (f) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (e) above of Persons other than the Company or any Subsidiary, and (g) all Indebtedness of the types referred to in clauses (a) through (f) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Company or a Subsidiary is a general partner or Joint Venturer unless such Indebtedness is expressly made non-recourse to the Company or such Subsidiary; provided that each of clauses (a) through (g) (except Synthetic Lease Obligations) shall only be included in Consolidated Funded Indebtedness to the extent the foregoing appears as a liability on the balance sheet of the Company in accordance with GAAP.

"Consolidated EBITDA" means, for any period, for the Company and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges for such period, plus the portion of rent expense that is treated as interest in accordance with GAAP as a result of the Permitted Sale and Leaseback Transaction being subject to a Lease Accounting Rules Change, (ii) the provision for Federal, state, local and foreign income taxes includable in Net Income for such period including, without limitation, Permitted Non-Cash Reversals, (iii) depreciation and amortization expense, (iv) non-cash charges in respect of any write down of assets taken in the ordinary course of business, and (v) commencing on January 1, 2006, non-cash compensation expenses related to the application of financial accounting standard 123-R, and minus (b) the following to the extent included in calculating such Consolidated Net Income: (x) Federal, state, local and foreign income tax credits of the Company and its Subsidiaries for such period and (y) non-cash items increasing Consolidated Net Income in respect of any write up of assets; provided, however, that the Company shall be permitted to add back to EBITDA for the relevant period, the Permitted Restructuring Charge; provided, however that (A) the Company shall treat as rent expense, and therefore reduce EBITDA by, the amount of any payment made or accrued during such period on account of the Permitted Sale and Leaseback Transaction, to the extent same is subject to a Lease Accounting Rules Change; and (B) the Company shall have provided to the Lenders information detailing (in form and level of specificity reasonably satisfactory to the Administrative Agent) the expenses and charges that comprise the restructuring charge not later than the earlier of (i) ten (10) Business Days after the Company's filing of the 8-K with respect to such Permitted Restructuring Charge; and (ii) the date on which the financial statements reflecting such Permitted Restructuring Charge are issued. Calculations of Consolidated EBITDA shall give effect, on a *pro forma* basis, to all Permitted Acquisitions and Dispositions permitted under this Agreement made during the quarter or year to which the required compliance relates, as if such Permitted Acquisition or Disposition had been consummated on the first day of the applicable period."

"Consolidated Interest Charges" means, for any period, for the Company and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its Subsidiaries in connection with (i) borrowed money (including capitalized interest), (ii) the deferred purchase price of assets, and (iii) off-balance sheet liabilities, in each case to the extent treated as interest in accordance with GAAP, and (b) the portion of rent expense of the Company and its Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with GAAP (other than on account of the Permitted Sale and Leaseback Transaction, to the extent same is subject to a Lease Accounting Rules Change), plus or minus the benefits or detriments, as the case may be, of any interest rate protection.

(b) Section 1.01 of the Credit Agreement is further amended by adding the following additional definitions thereto, to read in their entireties as follows:

"First Amendment" means that certain First Amendment to Credit Agreement, dated as of October 6, 2006, by and among, *inter alia*, the Company, the Designated Borrowers, the Lenders, and the Administrative Agent.

"First Amendment Effective Date" means October 6, 2006.

"Lease Accounting Rules Change" means a change in the definitions of capital and operating leases under GAAP, as a result of which the Permitted Sale and Leaseback Transaction is required to be classified as a capital lease, rather than an operating lease.

"Permitted Sale and Leaseback Transaction" means with respect to the Company or any Subsidiary, the arrangement, with the Butler County Port Authority ("BCPA") whereby the Company or such Subsidiary shall sell, lease, or otherwise transfer, directly or indirectly, its facility (buildings and equipment) located in Middleton, Ohio, cause improvements and additions to be made thereto (collectively, the "Project"), and thereafter rent or lease such facility and additional facilities and such equipment; all on substantially the terms and conditions disclosed in that certain letter dated July 26, 2006 from the Borrower to the Administrative Agent, with such changes to such terms and conditions as have been disclosed in writing to, and approved by, the Administrative Agent in its reasonable discretion; provided, however, that (i) the total cost of the Project shall not exceed $45,000,000; and (ii) neither the Company nor any Subsidiary will be or become a guarantor or surety for any obligations owing by the BPCA (to any other financing entity) for the Projects."

(c) Section 1.01 of the Credit Agreement is further amended by deleting in its entirety the definition of "Permitted Synthetic Lease".

(d) Section 1.03 of the Credit Agreement is amended by adding a new Section 1.03(c) thereto, to read in its entirety as follows:

"Notwithstanding any other provision of this Agreement, in the event that, solely as a result of a Lease Accounting Rules Change, and not as a result of any action or inaction that the Borrowers may take in connection with the Project, the Permitted Sale and Leaseback Transaction is required to be classified as capital lease, for purposes of this Agreement, including without limitation Section 7.03(e) hereof, it shall nonetheless be classified and accounted for as an operating lease, in accordance with GAAP as in effect for the Company as of the First Amendment Effective Date."

(e) Section 7.03(e) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

"Indebtedness in respect of capital leases, Synthetic Lease Obligations, and purchase money obligations for fixed or capital assets in an aggregate amount outstanding not to exceed at any time $15,000,000;

(f) Section 7.05(h) of the Credit Agreement is amended and restated to read in its entirety as follows:

"Dispositions by the Company and its Subsidiaries of property pursuant to sale-leaseback transactions, provided that the book value of all property so Disposed of (excluding, however, the Permitted Sale and Leaseback Transaction) shall not exceed $25,000,000 from and after the Closing Date;"

(g) Section 7.05 of the Credit Agreement is amended by deleting the word "and" appearing at the end of Section 7.05(l), by deleting the "." appearing at the end of Section 7.05(m) and replacing it with ";", and by adding new subsections (n) and (o) thereto, to read in their entireties as follows:

"(n) Dispositions of property pursuant to the Permitted Sale and Leaseback Transaction; and

(o) Dispositions in the ordinary course of business by the Company and its Subsidiaries of accounts and notes receivable or bankers' acceptances relating thereto for accounts generated from customers located in China and other jurisdictions in the Pacific Rim region, which dispositions may be made at a discount not to exceed ten percent (10%) of the original face amount of any such account, note receivable or bankers' acceptance."

Section 2. Conditions of Effectiveness. This Amendment shall become effective as of the First Amendment Effective Date (or, with respect to the amendment to the definition of Consolidated EBITDA, January 1, 2006) when: (i) the Administrative Agent shall have received counterparts of this Amendment executed by each of the Borrowers, the Required Lenders and, acknowledged by the Administrative Agent; (ii) the Company shall have paid all reasonable out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of counsel to the Administrative Agent invoiced to the Company in reasonable detail) incurred in connection with this Amendment and invoiced prior to the time the condition in clause (i) above is satisfied; and (iii) no Default shall have occurred and be continuing, or would occur as a result of the transactions contemplated by this Amendment.

Section 3. Representations and Warranties of the Borrowers. Each of the Borrowers represents and warrants as follows:

(a) The execution, delivery and performance by each Borrower of this Amendment, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) assuming each of the Lenders is a Professional Market Party, violate any Law. Each Borrower and each Subsidiary thereof is in compliance with all Contractual Obligations referred to in clause (b)(i), except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) The representations and warranties of (i) the Borrowers contained in Article V of the Credit Agreement and (ii) each Borrower contained in each other Loan Document, shall be true and correct in all material respects on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 (Financial Statements; No Material Adverse Effect; No Internal Control Event) shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 (Financial Statements).

(c) This Amendment, when delivered hereunder, will have been, duly executed and delivered by each Borrower. This Amendment, when so delivered, will constitute, a legal, valid and binding obligation of such Borrower, enforceable against each Borrower in accordance with its terms, except to the extent that such enforceability may be limited by bankruptcy, receivership, moratorium, conversationship, or other laws of general application affecting the rights of creditors generally or by general principles of equity.

(d) The execution, delivery and performance of this Amendment by each Borrower does not require the obtaining of any consent under any material agreement or instrument by which any Borrower or its property may be bound.

(e) As of the First Amendment Effective Date, after giving effect to this Amendment, no Default has occurred and is continuing.

Section 4. Reference to and Effect on the Loan Documents.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) Each Borrower hereby: (i) ratifies and affirms all the provisions of the Credit Agreement, as amended by this Amendment, and all the provisions of each of the other Loan Documents, and (ii) agrees that the terms and conditions of the Credit Agreement, as amended by this Amendment and all of the other Loan Documents, shall continue in full force and effect as supplemented and amended hereby.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly set forth herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents, or any right, power or remedy of the Administrative Agent or the Lenders under the Loan Documents; nor shall same be construed as or shall operate as a course of conduct or course of dealing among the parties.

(d) All terms and provisions of this Amendment shall be for the benefit of and be binding upon and enforceable by the respective successors and permitted assigns of the parties hereto.

Section 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW IS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PRINCIPLES.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

QUAKER CHEMICAL CORPORATION
(a Pennsylvania corporation)

By: /s/ Neal E. Murphy
Name: Neal E. Murphy
Title: VP & CFO

By: /s/ Mark Featherstone
Name: Mark Featherstone
Title: VP & Global Controller

QUAKER CHEMICAL CORPORATION
(a Delaware corporation)

By: /s/ Neal E. Murphy
Name: Neal E. Murphy
Title: President

EPMAR CORPORATION

By: /s/ Craig E. Bush
Name: Craig E. Bush
Title: Vice President

QUAKER CHEMICAL B.V.

By: /s/ Neal E. Murphy
Name: Neal E. Murphy
Title: Attorney-in-Fact

QUAKER CHEMICAL EUROPE B.V.

By: /s/ Neal E. Murphy
Name: Neal E. Murphy
Title: Attorney-in-Fact

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Henry F. Bullitt
Name: Henry F. Bullitt
Title: Senior Vice President

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Henry F. Bullitt
Name: Henry F. Bullitt
Title: Senior Vice President

PNC BANK, N.A.

By: /s/ Forrest B. Patterson, Jr.
Name: Forrest B. Patterson, Jr.
Title: Senior Vice President

CITIZENS BANK OF PENNSYLVANIA

By: /s/ Nancy S. Krenson
Name: Nancy S. Krenson
Title: SVP

NATIONAL CITY BANK

By: /s/ Ann Marie Hughes
Name: Ann Marie Hughes
Title: SVP

ABN AMRO BANK N.V.

By: /s/ Donald Sutton
Name: Donald Sutton
Title: Managing Director

By: /s/ Patricia Christy
Name: Patricia Christy
Title: Director

Exhibit 10.37

**AMENDMENT NO. 1 TO THE
QUAKER CHEMICAL CORPORATION
2003 DIRECTOR STOCK OWNERSHIP PLAN**
(As amended March 7, 2007)

WHEREAS, Quaker Chemical Corporation (the “Corporation”) maintains the Quaker Chemical Corporation 2003 Director Stock Ownership Plan (the “Plan”) for the benefit of its Eligible Directors; and

WHEREAS, the Corporation wishes to amend the Plan to ratify and reflect the actions taken in accordance with the Resolution approved by the Board at its March 7, 2007 meeting to change the cash and stock allocations applicable to the Annual Retainer;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Subsection (e) of Section 6 (“Payment of Annual Retainer”) is amended in its entirety to read as follows:

   (e) Subject to adjustment in accordance with Section 6(g), if on the Measuring Date immediately preceding the Retainer Payment Date an Eligible Director is the Beneficial Owner of 7,500 or more shares of Common Stock, 20% of the Annual Retainer payable to the Eligible Director for such year shall be paid in shares of Common Stock and 80% of the Annual Retainer for such year shall be paid in cash. Notwithstanding the preceding sentence, if an Eligible Director made a Discretionary Election for 2007 or any subsequent year, the Annual Retainer payable to the Eligible Director for such year shall be paid in accordance with the terms of the Discretionary Election.

2. The first sentence of Section 7 (“Discretionary Election”) is amended to read as follows:

   7. Discretionary Election.

   If on the Measuring Date immediately preceding the Retainer Payment Date an Eligible Director is the Beneficial Owner of 7,500 or more shares of Common Stock, the Eligible Director may, in the Eligible Director’s discretion, within the 10-day period following the Measuring Date for the applicable year (the “Option Period”), irrevocably elect to receive Common Stock in payment of a percentage of the Annual Retainer for the applicable year which exceeds (but is not less than) 20%.

IN WITNESS WHEREOF, Quaker Chemical Corporation has caused these presents to be duly executed on this 25th day of July, 2007.

Quaker Chemical Corporation

Attest: /s/ Irene M. Kisleiko

By: /s/ D. Jeffry Benoliel
D. Jeffry Benoliel
Vice President, Secretary
and General Counsel

MEMORANDUM OF EMPLOYMENT

Effective: September 30, 2008

Name: Joseph Matrange

Address: 208 Argonne Avenue

Long Beach, CA 90803

The parties to this Memorandum of Employment ("Agreement") are **JOSEPH MATRANGE** and Quaker Chemical Corporation, a Pennsylvania corporation ("Quaker").

WHEREAS, Quaker desires to employ you and you desire to be employed by Quaker;

WHEREAS, both parties wish to define and clarify all terms and conditions of the employment relationship; and

WHEREAS, both parties want to avoid any disputes over any terms and conditions of the employment relationship;

NOW THEREFORE, intending to be legally bound, and in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Duties.

It is understood that you will devote your entire working time and attention to Quaker's business affairs, perform your duties to the reasonable satisfaction of your immediate supervisor or manager, and use your best efforts on Quaker's behalf. In addition, you agree not to engage in any other commercial activity that is actually or potentially in competition with Quaker, unless Quaker consents in writing to such activity.

2. Compensation

Quaker agrees to pay you a base salary, which shall be payable either semimonthly or hourly, commencing on your date of hire. Your initial rate of base salary is set forth in an addendum, which is attached hereto and made a part hereof. In addition, you will be entitled to participate, to the extent eligible, in any retirement and stock purchase plans and shall be entitled to vacations, paid holidays, and medical, dental, and other benefits as are made generally available by Quaker to its full-time employees. Your salary and/or any benefits being made available to you may be changed at any time at Quaker's sole option, and any such change shall not affect any provision of this Agreement. Any changes to your salary shall be set forth in a revised addendum, a copy of which will be sent to you.

3. Term of Employment.

Your employment with Quaker may be terminated on thirty (30) days' written notice by either party, with or without cause or reason whatsoever. Within thirty (30) days after termination of your employment, you will be given an accounting of all monies due you.

4. Covenant Not to Disclose.

You acknowledge that the identity of Quaker's (and any of Quaker's affiliates') customers, the requirements of such customers, pricing and payment terms quoted and charged to such customers, the identity of Quaker's suppliers and terms of supply (and the suppliers and related terms of supply of any of Quaker's customers for which management services are being provided), information concerning the method and conduct of Quaker's (and any affiliate's) business such as formulae, formulation information, application technology, manufacturing information, marketing information, strategic and marketing plans, financial information, financial statements (audited and unaudited), budgets, corporate practices and procedures, research and development efforts, and laboratory test methods and all of Quaker's (and its affiliates') manuals, documents, notes, letters, records, and computer programs are Quaker's trade secrets ("Trade Secrets") and are Quaker's (and/or any of its affiliates', as the case may be) sole and exclusive property. You agree that at no time during or following your employment with Quaker will you appropriate for your own use, divulge or pass on, directly or through any other individual or entity or to any third party, any Quaker Trade Secrets. Upon termination of your employment with Quaker and prior to final payment of all monies due to you under Paragraph 2 or at any other time upon Quaker's request, you agree to surrender immediately to Quaker any and all materials in your possession or control which include or contain any Quaker Trade Secrets.

5. Covenant Not to Compete.

In consideration of your employment with Quaker and the training you are to receive from Quaker, you agree that during your employment with Quaker and for a period of one (1) year thereafter, regardless of the reason for your termination, you will not:

a. directly or indirectly, together or separately or with any third party, whether as an employee, individual proprietor, partner, stockholder, officer, director, or investor, or in a joint venture or 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 which are the same, like, similar to, or which compete with Quaker (or any of its affiliates') products or services; and

b. at the Chemical Management Services sites to which you are, have, or will specifically ever be assigned in the future, directly or indirectly, together or separately or with any third party, whether as an employee, individual proprietor, partner, stockholder, officer, director, or investor, or in a joint venture or any other capacity whatsoever, actively engage in business or assist anyone or any firm in business as a provider of chemical management services which are the same, like, similar to, or which compete with Quaker (or any of its affiliates') services; and

c. recruit or solicit any Quaker employee or otherwise induce such employee to leave Quaker’s employ, or to become an employee or otherwise be associated with you or any firm, corporation, business, or other entity with which you are or may become associated; and

d. solicit or induce any of Quaker’s suppliers of products and/or services (or a supplier of products and/or services of a customer who is being provided or solicited for the provision of chemical management services by Quaker) to terminate or alter its contractual relationship with Quaker (and/or any such customer).

The parties consider these restrictions reasonable, including the period of time during which the restrictions are effective. However, if any restriction or the period of time specified should be found to be unreasonable in any court proceeding, then such restriction shall be modified or the period of time shall be shortened as is found to be reasonable so that the foregoing covenant not to compete may be enforced. You agree that in the event of a breach or threatened breach by you of the provisions of the restrictive covenants contained in Paragraph 4 or in this Paragraph 5, Quaker will suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs, or is threatened, in addition to all other remedies available to Quaker, at law or in equity, Quaker shall be entitled as a matter of right to specific performance of the covenants contained herein by way of temporary or permanent injunctive relief. In the event of any breach of the restrictive covenant contained in this Paragraph 5, the term of the restrictive covenant shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease.

6. <u>Contractual Restrictions</u>.

You represent and warrant to Quaker that: (a) there are no restrictions, agreements, or understandings to which you are a party that would prevent or make unlawful your employment with Quaker and (b) your employment by Quaker shall not constitute a breach of any contract, agreement, or understanding, oral or written, to which you are a party or by which you are bound.

7. <u>Inventions</u>

All improvements, modifications, formulations, processes, discoveries or inventions (“Inventions”), whether or not patentable, which were originated, conceived or developed by you solely or jointly with others (a) during your working hours or at Quaker’s expense or at Quaker’s premises or at a customer’s premises or (b) during your employment with Quaker and additionally, for a period of one year thereafter, and which relate to (i) Quaker’s business or (ii) any research, products, processes, devices, or machines under actual or anticipated development or investigation by Quaker at the earlier of (i) that time or (ii) as the date of termination of employment, shall be Quaker’s sole property. You shall promptly disclose to Quaker all Inventions that you conceive or become aware of at any time during your employment with Quaker and shall keep complete, accurate, and authentic notes, data and records of all Inventions and of all work done by you solely or jointly with others, in the manner directed by Quaker. You hereby transfer and assign to Quaker all of your right, title, and interest in and to any and all Inventions which may be conceived or developed by you solely or jointly with others during your employment with Quaker. You shall assist Quaker in applying, obtaining, and enforcing any United States Letters Patent and Foreign Letters Patent on any such Inventions and to take such other actions as may be necessary or desirable to protect Quaker's interests therein. Upon request, you shall execute any and all applications, assignments, or other documents that Quaker deems necessary and desirable for such purposes. You have attached hereto a list of unpatented inventions that you have made or conceived prior to your employment with Quaker, and it is agreed that those inventions shall be excluded from the terms of this Agreement.

8. Miscellaneous

This Agreement constitutes the entire integrated agreement concerning the subjects covered herein. In case any provision of this Agreement shall be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall not thereby be affected or impaired. You may not assign any of your rights or obligations under this Agreement without Quaker's prior written consent. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania without regard to any conflict of laws. This Agreement shall be binding upon you, your heirs, executors, and administrators and shall inure to the benefit of Quaker as well as its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

ATTEST:

/s/ Kathleen Lasota
(Quaker Representative)

QUAKER CHEMICAL CORPORATION

By: /s/ W. Timothy Haines
(Quaker Representative)

WITNESS:

/s/ Ward W. Thompson
(Person who witnesses your signature)

/s/ Joseph Matrange
Joseph Matrange

Exhibit 10.49

MEMORANDUM OF EMPLOYMENT

Effective: October 1, 2008

Name: D. Jeffry Benoliel

Address: 520 E. Gravers Lane

Wyndmoor, PA 19038

The parties to this Memorandum of Employment ("Agreement") are **D. JEFFRY BENOLIEL** and Quaker Chemical Corporation, a Pennsylvania corporation ("Quaker").

You have been employed by Quaker as its Vice President, Secretary and General Counsel. Effective October 1, 2008, you were appointed Quaker's Vice President-Global Strategy, General Counsel and Corporate Secretary and Quaker now wishes to adjust your compensation and enter into this memorandum containing certain covenants in connection with this appointment.

NOW THEREFORE in consideration of the mutual promises and covenants herein contained and intending to be legally bound hereby the parties hereto agree as follows:

1. Duties

Effective as of the date written above, Quaker agrees to employ you and you agree to serve as Quaker's Vice President-Global Strategy, General Counsel and Corporate Secretary. You shall perform all duties consistent with such position as well as any other duties that are assigned to you from time to time by Quaker's Chief Executive Officer or Quaker's Board of Directors. You agree that during the term of your employment with Quaker to devote your knowledge, skill, and working time solely and exclusively to the business and interests of Quaker and its subsidiaries. Any and all prior employment agreements, with the exception of the November 19th, 2008 Change of Control agreement with Quaker are hereby terminated and have no legal effect except to the extent to recognize years of service from original date of hire.

2. Compensation

Quaker agrees to pay you a base salary, which shall be payable semimonthly. Your base salary is set forth in an addendum, which is attached hereto and made a part hereof. The rate of base salary will be reviewed and adjusted on an annual basis consistent with Quaker's then current practice for reviewing executive officers' salaries and performance. In addition, you will be entitled to participate, to the extent eligible, in any of Quaker's annual and long term incentive plans, retirement savings plan, pension plan, stock purchase plan, and will be entitled to vacations, paid holidays, and medical, dental, and other benefits as are made generally available by Quaker to its full-time employees as well as you shall be eligible to participate in Quaker's Supplemental Retirement Income Plan Your salary and/or any benefits being made available to you may be changed at any time at Quaker's sole option, and any such change shall not affect any other provision of this Agreement.

3. Term of Employment.

Your employment with Quaker may be terminated on thirty (30) days' written notice by either party, with or without cause or reason whatsoever. Within thirty (30) days after termination of your employment, you will be given an accounting of all monies due you.

4. Covenant Not to Disclose

You acknowledge that the identity of Quaker's (and any of Quaker's affiliates') customers, the requirements of such customers, pricing and payment terms quoted and charged to such customers, the identity of Quaker's suppliers and terms of supply (and the suppliers and related terms of supply of any of Quaker's customers for which management services are being provided), information concerning the method and conduct of Quaker's (and any affiliate's) business such as formulae, formulation information, application technology, manufacturing information, marketing information, strategic and marketing plans, financial information, financial statements (audited and unaudited), budgets, corporate practices and procedures, research and development efforts, and laboratory test methods and all of Quaker's (and its affiliates') manuals, documents, notes, letters, records, and computer programs are Quaker's trade secrets ("Trade Secrets") and are Quaker's (and/or any of its affiliates', as the case may be) sole and exclusive property. You agree that at no time during or following your employment with Quaker will you appropriate for your own use, divulge or pass on, directly or through any other individual or entity or to any third party, any Quaker Trade Secrets. Upon termination of your employment with Quaker and prior to final payment of all monies due to you under Paragraph 2 or at any other time upon Quaker's request, you agree to surrender immediately to Quaker any and all materials in your possession or control which include or contain any Quaker Trade Secrets.

5. Covenant Not to Compete

In consideration of your employment with Quaker and the training you are to receive from Quaker, you agree that during your employment with Quaker and for a period of one (1) year thereafter, regardless of the reason for your termination, you will not:

a. directly or indirectly, together or separately or with any third party, whether as an employee, individual proprietor, partner, stockholder, officer, director, or investor, or in a joint venture or 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 which are the same, like, similar to, or which compete with Quaker (or any of its affiliates') products or services; and

b. recruit or solicit any Quaker employee or otherwise induce such employee to leave Quaker's employ, or to become an employee or otherwise be associated with you or any firm, corporation, business, or other entity with which you are or may become associated.

The parties consider these restrictions reasonable, including the period of time during which the restrictions are effective. However, if any restriction or the period of time specified should be found to be unreasonable in any court proceeding, then such restriction shall be modified or the period of time shall be shortened as is found to be reasonable so that the foregoing covenant not to compete may be enforced. You agree that in the event of a breach or threatened breach by you of the provisions of the restrictive covenants contained in Paragraph 4 or in this Paragraph 5, Quaker will suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs, or is threatened, in addition to all other remedies available to Quaker, at law or in equity, Quaker shall be entitled as a matter of right to specific performance of the covenants contained herein by way of temporary or permanent injunctive relief. In the event of any breach of the restrictive covenant contained in this Paragraph 5, the term of the restrictive covenant shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease.

6. Contractual Restrictions

You represent and warrant to Quaker that: (a) there are no restrictions, agreements, or understandings to which you are a party that would prevent or make unlawful your employment with Quaker and (b) your employment by Quaker shall not constitute a breach of any contract, agreement, or understanding, oral or written, to which you are a party or by which you are bound.

7. Inventions

All improvements, modifications, formulations, processes, discoveries or inventions (“Inventions”), whether or not patentable, which were originated, conceived or developed by you solely or jointly with others (a) during your working hours or at Quaker’s expense or at Quaker’s premises or at a customer’s premises or (b) during your employment with Quaker and additionally for a period of one year thereafter, and which relate to (i) Quaker’s business or (ii) any research, products, processes, devices, or machines under actual or anticipated development or investigation by Quaker at the earlier of (i) that time or (ii) as the date of termination of employment, shall be Quaker’s sole property. You shall promptly disclose to Quaker all Inventions that you conceive or become aware of at any time during your employment with Quaker and shall keep complete, accurate, and authentic notes, data and records of all Inventions and of all work done by you solely or jointly with others, in the manner directed by Quaker. You hereby transfer and assign to Quaker all of your right, title, and interest in and to any and all Inventions which may be conceived or developed by you solely or jointly with others during your employment with Quaker. You shall assist Quaker in applying, obtaining, and enforcing any United States Letters Patent and Foreign Letters Patent on any such Inventions and to take such other actions as may be necessary or desirable to protect Quaker’s interests therein. Upon request, you shall execute any and all applications, assignments, or other documents that Quaker deems necessary and desirable for such purposes. You have attached hereto a list of unpatented inventions that you have made or conceived prior to your employment with Quaker, and it is agreed that those inventions shall be excluded from the terms of this Agreement.

8. Termination.

Quaker, in its sole discretion, may terminate your employment at any time and without notice for any reason, including Cause. If you incur a Separation from Service by action of Quaker for any reason other than Cause, death, disability or normal retirement age, Quaker agrees to:

a. Provide you with reasonable outplacement assistance, either by providing the services in-kind, or by reimbursing reasonable expenses actually incurred by you in connection with your Separation from Service. The outplacement services must be provided during the one-year period following your Separation from Service. If any expenses are to be reimbursed, you must request the reimbursement within eighteen months of your Separation from Service and reimbursement will be made within 30 days of your request.

b. Pay you one year’s severance in twenty-four semi-monthly installments commencing on the Payment Date and continuing on Quaker’s normal semi-monthly payroll dates each month thereafter, each of which is equal to your semi-monthly base salary at the time of your Separation from Service, provided you sign a Release within 45 days of the later of the date you receive the Release or your Separation from Service.

“Separation from Service” means your separation from service with Quaker and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

“Cause” means your employment with Quaker has been terminated by reason of (i) your willful and material breach of this Memorandum of Employment, (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of your duties hereunder which is materially injurious to Quaker, or (iii) conviction of or plea of guilty or nolo contendere to a felony.

“Payment Date” means (x) the 60th day after your Separation from Service or (y) if you are a specified employee (as defined in Treas. Reg. §1.409A-1(i)) as of the date of your Separation from Service, and the severance described in subsection (b) is deferred compensation subject to section 409A of the Code, the first business day of the seventh month following the month in which your Separation from Service occurs. If the Payment Date is described in clause (y), the amount paid on the Payment Date shall include all monthly installments that would have been paid earlier had clause (y) not been applicable, plus interest at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of your Separation from Service (or the previous business day if such day is not a business day), for the period from the date payment would have been made had clause (y) not been applicable through the date payment is made.

“Release” means a release (in a form satisfactory to Quaker) of any and all claims against Quaker and all related parties with respect to all matters arising out of your employment with Quaker, or the termination thereof (other than for claims for any entitlements under the terms of this Memorandum of Employment or any plans or programs of Quaker under which you have accrued a benefit) that Quaker provides to you no later than ten days after your Separation from Service. If a release is not provided to you within this time period, the severance shall be paid even if you do not sign a release.

9. Miscellaneous

This Agreement constitutes the entire integrated agreement concerning the subjects covered herein. In case any provision of this Agreement shall be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall not thereby be affected or impaired. You may not assign any of your rights or obligations under this Agreement without Quaker’s prior written consent. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania without regard to any conflict of laws. This Agreement shall be binding upon you, your heirs, executors, and administrators and shall inure to the benefit of Quaker as well as its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

ATTEST:	QUAKER CHEMICAL CORPORATION
/s/ Kathleen Lasota	/s/ Sandy Timinski
WITNESS:	
/s/ W. Timothy Haines	/s/ D. Jeffry Benoliel
	D. Jeffry Benoliel

ADDENDUM 1

Base Salary:	Your salary will be payable on a semi-monthly basis at the rate of $ 11,666.67, which is annualized at $280,000.08. You will be eligible for your next salary increase in 2009.
Annual and Long-Term Bonuses:	For your position, you are eligible to participate in the Global Annual Incentive Plan (GAIP). Your annual cash bonus is up to a maximum of 50% of your base salary. For the LTIP 2009-2011 plan period , you will be recommended for Level I to the Compensation/Management Development Committee of the Board of Directors (the “Compensation Committee”) at a target level of a minimum of 35% of your base salary. All incentive compensation awards are made at the Company’s discretion, are subject to change, and require the approval of the Compensation Committee.
Other Items:	You will be allowed 12 months severance if you are asked to leave Quaker for other than Cause. In addition, Quaker will pay for your bar association and continuing legal education expenses.
Benefits:	Quaker offers a Flexible Benefits Program. This gives you the opportunity to choose from a variety of options creating a customized benefits package. The following benefits are part of the program. In each of these areas, you are offered a range of options so you may choose the ones that make the most sense for your personal situation. • Medical • Dental • Life & AD&D Insurance • Long-term Disability • Health Care and Dependent Care Flexible Spending Accounts (FSAs) In addition to these flexible benefits, Quaker also offers the following benefit plans: • Retirement Savings Plan (401K) • Supplemental Retirement Income Program
Vacation /Holidays:	You are eligible for four weeks of vacation annually and the same paid holidays made generally available by Quaker to its other full-time employees. The company currently has 11 $^{1}/_{2}$ paid holidays.

CONSULTANCY AGREEMENT

THIS AGREEMENT dated this 29th day of October, 2008

BETWEEN

(1) Quaker Chemical Corporation whose registered office is at 901 Hector Street, One Quaker Park, Conshohocken, Pennsylvania, USA (the "Company")

and

(2) Mark Harris of Broughton House, Middle Lane, Balscote, Nr Banbury, Oxfordshire OX15 6JP (the "Employee")

IT IS AGREED as follows:

1. SERVICES

1.1 You will provide the Company and such Associated Company as the Company shall direct with such consultancy services in relation to the business of the Company or any Associated Company as are reasonably requested by the Company from time to time ("the Services").

1.2 You shall primarily provide the Services from your home. You may also be required to travel throughout the UK and abroad when providing the Services, as is reasonably necessary to perform the requested Services.

1.3 You will provide the Services on such dates and times as we will agree between us, subject to a maximum of 10 days per month for the first three years of this Consultancy Agreement ("Monthly Maximum"). The Monthly Maximum may be exceeded by agreement between the parties, but with no obligation on either party to agree.

1.4 During the fourth and fifth years of the Consultancy Agreement, there will be no obligation on you to provide the Services for any minimum number of days.

1.5 You will provide the Services at a service level of high standard and which complies with prevailing standards of accepted business practices and ethics.

1.6 You will provide the Services personally and you may not assign or sub-contract the provision of the Services to any other person, firm or company without the prior written consent of the Company.

2. PERIOD OF CONSULTANCY

The period of your consultancy with the Company will commence on 1 January 2009 and will continue until 31 December 2013, unless terminated earlier by either you or the Company, in accordance with Clause 9 below.

3. FEES AND EXPENSES

3.1 Subject to the terms of Clause 4, the Company will pay you:

(a) For the first year of the Consultancy Agreement, a monthly fee of £18,490;

(b) For the second and third years of the Consultancy Agreement, a monthly fee of £10,500;

(c) For the first, second and third years of the Consultancy Agreement, a fee of £600 per day for any additional days worked above the Monthly Maximum;

(d) For the period commencing on 1 January 2012 and ending on 31 December 2013, a monthly sum of £4,500, payment to be made on the last day of each month; and

(e) The annual sum of £40,000 in 2009, 2010 and 2011. The sums shall become due for payment on 1 July 2009, 1 July 2010 and 1 July 2011 respectively,

and in each case subject to you complying with your obligations at Clauses 3.3 and 3.4 below and subject to the remaining terms of this Agreement.

3.2 The Company will reimburse you for reasonable expenses properly incurred in providing the Services, subject both to your providing receipts or other supporting evidence of the expenditure consistent with the Company's travel and entertainment policy.

3.3 During the first three years of the Consultancy Agreement, you must provide the Company on the last day of each month with an invoice (with such detail as reasonably required by the Company) for your fees and expenses (subject to Clause 3.2 above) due in respect of the Services supplied during the previous month. The Company agrees to pay such invoice within 14 days of it being received and approved by the Company.

3.4 The fees referred to above shall be exclusive of any Value Added Tax which may be payable. You shall, if applicable, notify the Company of your registration for VAT and provide VAT invoices in respect of the Services.

4. CONDITIONS FOR PAYMENT

Your entitlement to each of the sums referred to in Clause 3.1 above is strictly conditional on the following, and no payment shall be due unless each of the conditions is satisfied:

4.1 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, within the Prohibited Area and whether on your own behalf or in conjunction with or on behalf of any other person, firm, company or other organisation, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), in competition with the Company or any Associated Company directly or indirectly (i) been employed or engaged in, or (ii) performed services in respect of, or (iii) been otherwise concerned with:

(a) the research into, development, manufacture, supply or marketing of any product which is of the same or similar type to any product researched, or developed, or manufactured, or supplied, or marketed by the Company or any Associated Company during the twelve months immediately preceding the due date for payment of such sum;

(b) the development or provision of any services (including but not limited to technical and product support, or consultancy or customer services) which are of the same or similar type to any services provided by the Company or any Associated Company during the twelve months immediately preceding the due date for payment of such sum;

4.2 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly (i) solicited or, (ii) assisted in soliciting, or (iii) accepted, or (iv) facilitated the acceptance of, or (v) dealt with, in competition with the Company or any Associated Company, the custom or business of any person, company, business entity or other organisation who is on the due date for payment, or was in the 12 months prior to the due date for payment, a Customer or Prospective Customer;

4.3 you shall not have, in the period ending on the relevant due date for payment of the relevant sum either on your own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation (and whether as an employee, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:

(a) (i) induced or (ii) solicited, or (iii) enticed or (iv) procured, any person to leave the Company's or any Associated Company's employment (as applicable);

(b) been personally involved to a material extent in (i) accepting into employment or (ii) otherwise engaging or using the services of, any person who was on the date of such involvement, employed by the Company or any Associated Company;

4.4 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly:

(a) interfered with the supply of goods or services to the Company or any Associated Company from any supplier;

(b) induced any supplier of goods or services to the Company or any Associated Company to cease or decline to supply such goods or services in the future;

4.5 you shall not have used for your own purposes, or those of any other person, firm, company or other organisation whatsoever, or disclosed to any person, firm, company or other organisation whatsoever any Confidential Information, as defined in Clause 8, or made any notes or taken any copies of any document or information stored in any form which relates to any matter within the scope of the Company's or any Associated Company's business or dealings, otherwise than for the benefit of the Company or any Associated Company.

5. RELATIONSHIP WITH THE COMPANY

5.1 Your relationship with the Company shall be that of an independent contractor and at no time must you hold yourself out as being an officer, employee or agent of the Company or of any Associated Company.

5.2 Subject to your due compliance with the terms of this Agreement, you shall be free to provide services to or accept employment with any other person, firm, company or other organisation. However during the period of this Agreement you shall not (whether as shareholder, director, employee, contractor, partner, consultant, proprietor, agent or otherwise) without the prior written consent of the Company such consent not to be unreasonably withheld or delayed either directly or indirectly (i) be engaged by, or (ii) provide services to, or (iii) be or become involved in, any business which is in competition with any business carried on, or about to be carried on, at the relevant time by the Company or any Associated Company or which could otherwise have a prejudicial effect on any such business. This shall not prevent you from the holding of up to 5 per cent of any class of issued shares of any company listed on a recognised Stock Exchange.

5.3 You will be wholly responsible for all taxes, national insurance or other contributions which may be payable in respect of all of the sums payable to you by the Company. As a result, you agree to indemnify and hold the Company and all its Associated Companies harmless against all taxes (excluding VAT), national insurance or other contributions, costs, claims, penalties, interest, expenses or proceedings arising out of or in connection with such taxes and contributions. Notwithstanding the foregoing, the Company reserves the right to deduct from any payment to you, tax and national insurance contributions.

5.4 You shall provide to the Company at the times stated below, or on its reasonable request and on reasonable notice, satisfactory evidence that:

(a) on the commencement of the period of your consultancy with the Company and at the end of each tax year thereafter whilst such period continues, you have registered with Her Majesty's Revenue & Customs ("HMRC") as self-employed, and are so regarded by HMRC as taxed on that basis; and

(b) you have paid, by the due date, all tax and national insurance contributions in respect of any monies paid to you by the Company.

6. INSURANCE

It is your responsibility to arrange, at your own cost, a policy of insurance to cover all claims or proceedings (and all associated costs, penalties and expenses whatsoever) instituted by any third party against the Company or any Associated Company which arise out of or are connected with any negligent, unlawful or defective provision of the Services by you.

7. INTELLECTUAL PROPERTY RIGHTS

7.1 You agree to disclose promptly to the Company any idea, method, invention, discovery, design or other work which you, (whether alone or with others), create, produce or develop either in the course of providing the Services or which relate to or are capable of being used in those aspects of the business(es) of the Company or any Associated Company in relation to which you provide the Services, (referred to in this letter as the "Works").

7.2 You agree that all intellectual property rights in any Works (including but not limited to trademarks, inventions, patents, designs and copyright) wherever in the world enforceable shall immediately vest in and remain the sole and exclusive property of the Company and, in consideration of the sum of £1 (receipt of which you acknowledge) you assign to the Company, with full title guarantee, all rights, title and interest in and to the same. You agree, at the Company's request and cost, to take such actions and execute any document as is reasonably necessary to vest properly all such rights in the Company or, (where so directed by the Company), in its nominee and to secure all appropriate forms of protection for and defend and enforce such rights. You agree not to do anything which might prejudice the Company's rights under this Clause 7.2.

7.3 You irrevocably and unconditionally waive all rights granted by the Copyright, Designs and Patents Act 1988 that may vest in you in connection with your authorship of any copyright works in the course of providing the Services, wherever in the world enforceable, including (without limitation) the right to be identified as the author of any such works and the right not to have such works altered.

7.4 The rights and obligations under this Clause 7 shall continue in full force and effect after the termination of your consultancy with the Company in respect of Works made during the period of such consultancy, and shall be binding on your successors.

8. CONFIDENTIALITY

8.1 You shall neither during the period when you are providing the Services to the Company, nor at any time after the termination thereof, use for your own purposes, or those of any other person, firm, company or other organisation whatsoever, or disclose to any person, firm, company or other organisation whatsoever any Confidential Information, as defined in this Clause 8.

8.2 You will not at any time during the period when you are providing the Services to the Company make any notes or take any copies of any document or information stored in any form which relates to any matter within the scope of the Company's or any Associated Company's business or dealings, otherwise than for the benefit of the Company or any Associated Company. Such information shall remain the Company's property at all times and must be returned to the Company on demand and, in any event, upon the termination of the consultancy. This includes any document (in any form) which you create in connection with your provision of the Services.

8.3 The obligations in this Clause 8 do not apply to any information or knowledge which may subsequently come into the public domain after the termination of your consultancy, other than by way of any unauthorised disclosure (whether by you or any third party).

8.4 For the purposes of this Clause 8 "Confidential Information" means:

any trade secrets or confidential information relating or belonging to the Company or any Associated Company, including but not limited to any such information relating to business plans or dealings, strategic plans, technical data, existing and potential projects, financial information dealings and plans, sales specifications or targets, customer lists or specifications, customers, business developments and plans, research plans or reports, sales or marketing programmes or policies or plans, price lists or pricing policies, employees or officers, source codes, computer systems, software, designs, formula, prototypes, past and proposed business dealings or transactions, product lines, services, research activities,, any Works, any document marked "confidential" (or a similar expression), or any information which you have been told is of a confidential nature or which you might reasonably expect the Company, or any Associated Company, would regard as confidential, or any information which has been given to the Company or any Associated Company in confidence by customers, suppliers or any other persons.

9. TERMINATION OF AGREEMENT

9.1 This Consultancy Agreement may be terminated by you on 60 days written notice.

9.2 The Company is entitled to terminate this Consultancy Agreement immediately, and at any time during the duration of this Consultancy Agreement without any entitlement to payment for the notice period referred to in Clause 9.1 if you:

(a) commit a serious breach of any of your obligations to the Company (or to any Associated Company) including, without limitation, as provided for hereunder;

(b) fail, or continue to fail, or refuse to provide the Services to the standards or time scales reasonably required by the Company;

(c) act in any way which materially prejudices the interests of the Company or any Associated Company,

PROVIDED that the Company shall not exercise its rights under this Clause 9.2 unless either (i) the breach, failure, refusal or act is incapable of remedy, or (ii), it has served notice on you of the relevant breach, failure, refusal or act, and such breach, failure, refusal or act remains unremedied for 14 days after service of such notice. Upon termination of this Consultancy Agreement, the Company will be liable to pay you fees and expenses up to the date of termination. You may be required to provide the Company with an invoice for such amount if the Company so requests. In addition, you will be paid any further annual payments due under Clause 3.1(e), and, during the period commencing on the date of termination and ending on December 31 2013, a monthly allowance of £4,500 (in place of the monthly allowance referred to in Clauses 3.1 (b) and (d)), provided that payment of the annual payments and the monthly allowance shall be subject to compliance with the conditions in Clause 4. Other than as provided for by this clause 9.2, the Company cannot terminate this Consultancy Agreement.

9.3 On termination of this Consultancy Agreement, you must return to the Company all property belonging to the Company which is in your possession or under your control.

9.4 If you terminate this Agreement before 1 January 2010, you will be paid the monthly allowance of £12,489 until 1 January 2010 and thereafter, a monthly allowance £4,500 until December 31, 2013 plus amounts due under Clause 3.1(e), all subject to the conditions in Clause 4.

9.5 If you terminate this Agreement on or after 1 January 2010, you will be paid the monthly allowance of £4,500 until December 31, 2013 plus amounts due under Clause 3.1(e), all subject to the conditions in Clause 4.

9.6 You will comply with the terms of the Schedule.

10. DEFINITIONS

10.1 For the purposes of this Agreement the following words and cognate expressions shall have the meanings set out below:

(a) "Customer" means any person, firm, company or other organisation whatsoever to whom the Company or any Associated Company has supplied goods or services.

(b) "Prohibited Area" means:

(i) the United Kingdom, the United States, Brazil, Russia, India, China, South Africa, Japan,; and

(ii) any other country whether in Europe or elsewhere in the world where, on the due date for payment of the relevant sum referred to in Clause 3, the Company develops, sells, supplies, manufactures or researches its products or services or where you are or should be reasonably aware that the Company intends within 3 months of the due date for payment of the relevant payment referred to in Clause 3 to develop, sell, supply or manufacture its products or services.

(c) "Prospective Customer" means any person, firm, company or other organisation with whom the Company or an Associated Company has had any negotiations or material discussions regarding the possible supply of goods or services by the Company or an Associated Company.

(d) "Associated Company" shall mean any person, firm, company or other organisation which:

(i) the Company directly or indirectly controls; or

(ii) which directly or indirectly controls the Company; or

(iii) is directly or indirectly controlled by a third party, firm, company or other organisation which also directly or indirectly controls the Company; or

(iv) of which the Company or any other Associated Company directly or indirectly owns or has a beneficial interest of 20% or more of the issued share capital or of its capital assets.

10.2 References to "the Company" and "Associated Company" shall include their successors in title or assigns from time to time.

11. MISCELLANEOUS

11.1 The terms of this Consultancy Agreement shall be governed by English law and both you and the Company submit to the exclusive jurisdiction of the English courts.

11.2 This Consultancy Agreement may be executed by counterparts which together shall constitute one agreement. Either party may enter into this Consultancy Agreement by executing a counterpart and this Consultancy Agreement shall not take effect until it has been executed by both parties.

11.3 This Consultancy Agreement constitutes the entire terms and conditions of your engagement by the Company (and any Associated Company).

SIGNED by or on behalf of the parties on the date first above written:

/s/ D. Jeffry Benoliel

For and on behalf of
QUAKER CHEMICAL CORPORATION

/s/ Mark Harris

MARK HARRIS

SCHEDULE

CONSULTANT'S POST TERMINATION COVENANTS

1. NON-COMPETITION

You hereby agree that you shall not (without the consent in writing of the Board) for a period of twelve months immediately following the Termination Date within the Prohibited Area and whether on your own behalf or in conjunction with or on behalf of any other person, firm, company or other organisation, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), in competition with the Company be directly or indirectly (i) employed or engaged in, or (ii) perform services in respect of, or (iii) be otherwise concerned with:

1.1 the research into, development, manufacture, supply or marketing of any product which is of the same or similar type to any product researched, or developed, or manufactured, or supplied, or marketed by the Company during the twelve months immediately preceding the Termination Date;

1.2 the development or provision of any services (including but not limited to technical and product support, or consultancy or customer services) which are of the same or similar type to any services provided by the Company during the twelve months immediately preceding the Termination Date;

PROVIDED ALWAYS that the provisions of this paragraph 1 shall apply only in respect of those products or services with which you were either personally concerned or for which you were responsible whilst engaged by the Company during the twelve months immediately preceding the Termination Date.

2. NON-SOLICITATION OF CUSTOMERS

You hereby agree that you shall not for a period of twelve months immediately following the Termination Date whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly (i) solicit or, (ii) assist in soliciting, or (iii) accept, or (iv) facilitate the acceptance of, or (v) deal with, in competition with the Company, the custom or business of any Customer or Prospective Customer:-

2.1 with whom you had personal contact or dealings on behalf of the Company during the twelve months immediately preceding the Termination Date; or

2.2 for whom you were, in a client management capacity on behalf of the Company, directly responsible during the twelve months immediately preceding the Termination Date.

3. NON-SOLICITATION OF EMPLOYEES

You hereby agree that you will not for a period of twelve months immediately following the Termination Date either on your own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation (and whether as an employee, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:

3.1 (i) induce or (ii) solicit, or (iii) entice or (iv) procure, any person who is a Company Employee to leave the Company's or any Associated Company's employment (as applicable);

3.2 be personally involved to a material extent in (i) accepting into employment or (ii) otherwise engaging or using the services of, any person who is a Company Employee on the Termination Date.

4. INTERFERENCE WITH SUPPLIERS

You hereby agree that you shall not, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly (i) for a period of twelve months immediately following the Termination Date and (ii) in relation to any contract or arrangement which the Company has with any Supplier for the exclusive supply of goods or services to the Company and/or its Associated Companies, for the duration of such contract or arrangement:

4.1 interfere with the supply of goods or services to the Company from any Supplier;

4.2 induce any Supplier of goods or services to the Company to cease or decline to supply such goods or services in the future.

5. ASSOCIATED COMPANIES

5.1 The provisions of paragraphs 5.2 and 5.3 below shall only apply in respect of those Associated Companies (i) to whom you gave your services, or (ii) for whom you were responsible, or (iii) with whom you were otherwise concerned, in the twelve months immediately preceding the Termination Date.

5.2 Paragraphs 1, 2, 3, 4, and 6 in this Schedule shall apply as though references to the “Associated Company” were substituted for reference to the “Company”. The obligations undertaken by you pursuant to this Schedule shall, with respect to each Associated Company, constitute a separate and distinct covenant and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favour of the Company or any other Associated Company.

5.3 In relation to each Associated Company referred to in paragraphs 5.1 and 5.2 above, the Company contracts as trustee and agent for the benefit of each such Associated Company. You agree that, if required to do so by the Company, he will enter into covenants in the same terms as those set out in paragraphs 1, 2, 3, 4 and 6 hereof directly with all or any of such Associated Companies, mutatis mutandis. If you fail, within 7 days of receiving such a request from the Company, to sign the necessary documents to give effect to the foregoing, the Company shall be entitled, and is hereby irrevocably and unconditionally authorised by you to execute all such documents as are required to give effect to the foregoing, on your behalf.

6. DEFINITIONS

For the purposes of this Schedule, the following words and cognate expressions shall have the meanings set out below:

6.1 “Board” means the Board of Directors of the Company.

6.2 “Company” and “Associated Company” shall have the meanings set out in the Agreement attached hereto, and shall include their successors in title and assigns (as applicable).

6.3 “Company Employee” means any person who was employed by (i) the Company or (ii) any Associated Company, for at least 3 months prior to and on the Termination Date and with whom you had material contact or dealings in performing services to the Company or an Associated Company and:

(a) who had material contact with customers or suppliers of the Company in performing his or her duties of employment with the Company or any Associated Company (as applicable); and/or

(b) who was a member of the management team of the Company or any Associated Company (as applicable); and/or

(c) who was a member of the Research & Development Department of the Company or any Associated Company (as applicable).

6.4 "Customer" means any person, firm, company or other organisation whatsoever to whom the Company has supplied goods or services.

6.5 "Prohibited Area" means:

(a) the United Kingdom, United States, Brazil, Russia, India, China, South Africa, Japan,; and

(b) any other country whether in Europe or elsewhere in the world where, on the Termination Date, the Company develops, sells, supplies, manufactures or researches its products or services or where the Company is intending within 3 months following the Termination Date to develop, sell, supply or manufacture its products or services and in respect of which the Employee has been responsible (whether alone or jointly with others), concerned or active on behalf of the Company during any part of the twelve months immediately preceding the Termination Date.

6.6 "Prospective Customer" means any person, firm, company or other organisation with whom the Company has had any negotiations or material discussions regarding the possible supply of goods or services by the Company.

6.7 "Supplier" means any person, company, business entity or other organisation whatsoever who:

(a) has supplied goods or services to the Company during any part of the twelve months immediately preceding the Termination Date; or

(b) has agreed prior to the Termination Date to supply goods or services to the Company to commence at any time in the twelve months following the Termination Date; or

(c) as at the Termination Date, supplies goods or services to the Company under an exclusive contract or arrangement between that supplier and the Company.

6.8 "Termination Date" shall mean the earlier of (a) the date on which this Agreement terminates, and (b) 31 December 2013.

Exhibit 10.51

WITHOUT PREJUDICE &
SUBJECT TO CONTRACT

DATED OCTOBER 29, 2008

QUAKER CHEMICAL LIMITED

and

MARK HARRIS

COMPROMISE AGREEMENT

Baker & McKenzie LLP

London
Ref: MRK/ZCC

WITHOUT PREJUDICE &
SUBJECT TO CONTRACT

THIS AGREEMENT dated this 29th day of October, 2008

B E T W E E N

(1) Quaker Chemical Limited whose registered office is at 100 New Bridge Street, London, EC4V 6JA (the “Company”)

and

(2) Mark Harris of Broughton House, Middle Lane, Balscote, Nr Banbury, Oxfordshire OX15 6JP (the “Employee”)

IT IS AGREED as follows:

1. TERMINATION OF EMPLOYMENT

1.1 The Employee’s employment with the Company and all Associated Companies shall terminate by mutual agreement on 31 December 2008 (the “Termination Date”).

1.2 From the date of this Agreement up to and including the Termination Date, the Company and the Employee agree that the Company may in its absolute discretion at any time, and for such period or periods as the Company so determines, require the Employee either (i) attend work and carry out his normal duties; (ii) attend work and carry out duties in addition to or instead of those normal duties, including assisting in the orderly handover of the Employee’s work; or (iii) not to attend at work or undertake any work on behalf of the Company or any Associated Company, unless on the express instruction of, or with the prior consent of, the Company.

2. PAYMENTS TO THE EMPLOYEE

2.1 The Company shall on its own behalf, and on behalf of all Associated Companies pay the following sums to the Employee within 14 days of the Termination Date:-

(a) any outstanding salary and holiday pay which has accrued up to the Termination Date less appropriate deductions for income tax and employees’ National Insurance contributions;

(b) a payment in respect of any outstanding business expenses incurred by the Employee up to the Termination Date in accordance with the Company’s usual policies and procedures relating to expenses.

2.2 The Employee agrees that except for the sums and benefits referred to in this Agreement (and the Consultancy Agreement in Annex 4), no other sums or benefits are due to the Employee from the Company or any Associated Company (including, without limitation, any bonuses and/or stock awards pursuant to the 2001 Global Annual Incentive Plan or 2006 Long Term Incentive Plan).

2.3 The Employee and the spouse shall continue to benefit from the Private Health Scheme provided by the Company until 31 May 2009 subject to the rules of the scheme from time to time.

2.4 Unless notified otherwise by the Company on or before the Termination Date, the Employee shall be entitled to purchase from LeasePlan UK Ltd. the Audi A6 registration number BP06DZE for £11,108.00 within 30 days of the Termination Date.

2.5 The Company shall pay for the Employee to receive Executive Outplacement Support from Careers Management Consultants Limited up to a cost of £5,500 plus VAT, such payment to be made directly to Careers Management Consultants Limited upon the receipt of appropriate invoices.

3. BENEFITS TO THE EMPLOYEE

The Company will pay directly to the Adviser (as defined in Clause 7.2 below) the Employee's legal costs up to a limit of £1000 (inclusive of disbursements) plus VAT subject to receiving from the Adviser:

(a) written confirmation that such legal costs were incurred solely in advising the Employee regarding the termination of the Employee's employment; and

(b) a copy of an invoice in respect of such costs addressed to the Employee but marked payable by the Company.

4. SETTLEMENT AND WAIVER OF CLAIMS

4.1 The Employee considers that he has or may have statutory claims, and therefore could bring proceedings, against the Company, or any Associated Company, or its or their employees, officers or shareholders, for:

(a) Unfair dismissal under section 94 of the Employment Rights Act 1996.

(b) Automatic unfair dismissal under sections 94 and 98A of the Employment Rights Act 1996 (procedural unfairness).

(c) Automatic unfair dismissal under sections 94 and 103A and protection from suffering detriment under section 47B of the Employment Rights Act 1996 (protected disclosures).

(d) Deductions from wages and payments to employers under Part II of the Employment Rights Act 1996.

(e) Minimum notice under Part IX of the Employment Rights Act 1996.

(f) Written statement of reasons for dismissal under section 92 of the Employment Rights Act 1996.

(g) Right to accompaniment and protection from suffering detriment under sections 10 and 12 of the Employment Relations Act 1999.

(h) Discrimination and/or harassment under regulations 7 and 24 of the Employment Equality (Age) Regulations 2006.

(together the "Particular Claims and Proceedings").

4.2 The Employee agrees to accept the sums and benefits referred to in this Agreement in full and final settlement of:

(a) the Employee's prospective entitlement to bring the Particular Claims and Proceedings; and

(b) any other Statutory Employment Protection Claim; and

(c) any claim for breach of the Employee's contract of employment with the Company or any Associated Company and all other claims and rights of action (whether under statute, contract, common law or otherwise and whether or not the Employee is aware of the claim at the time of entering into this Agreement) in any jurisdiction in the world, howsoever arising which the Employee has or may have now or at any point in the future against the Company or any Associated Company, its or their officers, employees or shareholders, arising from or connected with the Employee's employment or the holding of any office with the Company or any Associated Company, the termination thereof or any other matter concerning the Company or any Associated Company.

4.3 The parties agree that Clause 4.2 shall not apply to any claims against the Company or any Associated Company in respect of:-

(a) personal injury caused by the Company's or any Associated Company's negligence (save for any claims for compensation, or damages, for personal injury which may be brought pursuant to discrimination legislation and/or pursuant to Part V of the Employment Rights Act 1996); and

(b) any pension rights or pension benefits which have accrued to the Employee up to the Termination Date.

4.4 The parties agree that Clause 4.2 shall have effect irrespective of whether or not, as at the date of this Agreement, the Employee is or could be aware of such claims or has such claims in his express contemplation (including but not limited to claims of which the Employee becomes aware after the date of this Agreement in whole or in part as a result of new legislation or the development of common law or equity).

5. EMPLOYEE'S WARRANTIES

As a strict condition of this Agreement, the Employee warrants as follows and acknowledges that the Company enters into this Agreement in reliance on these warranties:-

5.1 that the Particular Claims and Proceedings are all of the claims and proceedings (whether statutory or otherwise) that the Employee considers he has, or may have, against the Company, any Associated Company, its or their employees, officers or shareholders arising out of or in connection with the Employee's employment with the Company, or any Associated Company, or its termination;

5.2 before entering into this Agreement, the Employee has raised with the Adviser (as defined in Clause 7.2 below) below all facts and issues relevant to the Employee's employment and its termination which could give rise to a claim against the Company or any Associated Company;

5.3 that the Employee is not aware of any condition, mental or physical, or any other facts or circumstances, which could constitute the basis for a claim against the Company or any Associated Company for personal injury (whether at the date of signing this Agreement or at any time in the future);

5.4 that the Employee has not presented or issued a claim to the Employment Tribunals, a County Court or a High Court in respect of any matter connected with the Employee's employment or its termination and that neither the Employee nor anyone acting on the Employee's behalf will present or issue such a claim; and

5.5 that the Employee has not committed any act or any omission which could amount to a breach of the express or implied terms of the Employee's contract of employment with the Company and/or any act of misconduct under the Company's Disciplinary Procedure.

6. EMPLOYEE'S OBLIGATIONS

6.1 The Employee agrees:-

(a) on or before the Termination Date, to account for and return to the Company all Company Property, save for any Company Property which it is agreed you will retain during the term of the Consultancy Agreement;

(b) to comply immediately with any request from the Company to delete, disclose details of, , and/or permit inspection of all information and/or documents (including Confidential Information) relating to or belonging to the Company or any Associated Company which are held and/or saved on any computer, telecommunications or other electronic equipment belonging to or in the possession of the Employee;

(c) on request to disclose to the Company all passwords (including passwords to all protected files) created or protected by him which are held and/or saved on any computer, telecommunications or other electronic equipment belonging to the Company;

(d) to resign in writing from all directorships and other offices which the Employee holds with the Company or any Associated Company, such resignations taking effect from the Termination Date; and

(e) to sign, simultaneously with this Agreement, the Consultancy Agreement attached at Annex 4, and with effect from 1 January 2009, to be engaged as a consultant for the Company under the terms of that Agreement.

6.2 The Employee agrees:

(a) subject to Clause 6.2(e) below, not to disclose (directly or indirectly) to any party the existence or contents of this Agreement except to the Employee's professional advisers, the Employee's spouse or registered civil partner (on the basis that each of the foregoing parties agrees to keep the same confidential) and HM Revenue & Customs (provided always that nothing in this Clause 6.2(a) shall prevent the Employee from supplying a copy of this Agreement and its Annexes to any court of competent jurisdiction, or as otherwise required by law);

(b) without limitation in time not to divulge or make use of (whether directly or indirectly and whether for the Employee's own or another's benefit or purposes) any Confidential Information (this obligation does not apply to any disclosures required or protected by law or to any information in the public domain other than by way of unauthorised disclosure (whether by the Employee or another person));

(c) that the Employee will, on the request of the Company or any Associated Company, assist it or them in any threatened or actual litigation concerning it or them where the Employee has in his possession or knowledge any facts or other matters which the Company or any Associated Company reasonably considers is relevant to such legal proceedings (including but not limited to giving statements/affidavits, meeting with their legal and other professional advisers, attending any legal hearing and giving evidence);

(d) to be bound by the restraints set out in Annex 3 attached hereto; and

(e) that if the Employee is offered employment, consultancy or other business activities in the period covered by the restraints referred to in Annex 3 the Employee will deliver to the person making such an offer a full copy of the relevant restraints.

7. COMPROMISE AGREEMENT

7.1 It is agreed that the Employee's acceptance of the terms of this Agreement constitutes a compromise agreement satisfying all of the conditions relating to compromise agreements under S.203(3) Employment Rights Act 1996, S.77(4A) Sex Discrimination Act 1975, S.72(4A) Race Relations Act 1976, Schedule 3A, paragraph 2(2) Disability Discrimination Act 1995, S.288(2B) Trade Union and Labour Relations (Consolidation) Act 1992, S.49(4) National Minimum Wage Act 1998, Regulation 35(3) Working Time Regulations 1998, Regulation 41 (4) of the Transnational Information and Consultation of Employees Regulations 1999, Schedule 4, paragraph 2(2) Employment Equality

(Religion or Belief) Regulations 2003, Schedule 4, paragraph 2(2) Employment Equality (Sexual Orientation) Regulations 2003, Regulation 40(4) of the Information and Consultation of Employees Regulations 2004, Paragraph 13 of the Schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 and Schedule 5, Part 1, paragraph 2(2) of the Employment Equality (Age) Regulations 2006.

7.2 Robert Bryan of Darbys Solicitors LLP is a qualified independent lawyer ("the Adviser") who has advised the Employee on the terms and effect of this Agreement and has signed a certificate attached as Annex 1. The Employee confirms that the Adviser has advised that there is in force a policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of claims by the Employee in respect of any loss arising in consequence of that advice.

8. STOCK OPTIONS

The Employee shall be entitled to exercise those of his stock options which have vested prior to the Termination Date, provided that such exercise takes place within 90 days of the Termination Date, and subject to the rules of the 2006 Long Term Incentive Plan, and the Company's rules in respect of insider information.

9. DEFINITIONS

For the purposes of this Agreement the following words and phrases shall have the meanings set out below:

9.1 An **"Associated Company"** includes any firm, company, business entity or other organisation:

(a) which is directly or indirectly Controlled by the Company; or

(b) which directly or indirectly Controls the Company; or

(c) which is directly or indirectly Controlled by a third party who also directly or indirectly Controls the Company; or

(d) of which the Company or any Associated Company is a partner; or

(e) of which the Company or any Associated Companies referred to in Clauses 9.1(a) to (d) above owns or has a beneficial interest (whether directly or indirectly) in 20% or more of the issued share capital or 20% or more of the capital assets.

9.2 **"Company Property"** means all property belonging to the Company or any Associated Company which is or has been in the Employee's possession or control including but not limited to Company car, mobile telephone, credit cards, keys and passes, laptop computer and related equipment, documents, notes, correspondence, files, e-mails, memos, reports, minutes, plans, records, surveys, software, diagrams, computer print-outs, disks, USB flash drives, memory cards or sticks, cards, manuals, customer documentation or any other medium for storing information, and all copies, drafts, reproductions, notes, extracts or summaries (howsoever made) of the foregoing.

9.3 **"Confidential Information"** means trade secrets or confidential information including but not limited to such information relating to business plans or dealings, strategic plans, technical data, existing and potential projects, financial information dealings and plans, sales specifications or targets, customer lists or specifications, customers, business developments and plans, research plans or reports, sales or marketing programmes or policies or plans, price lists or pricing policies, employees or officers, source codes, computer systems, software, designs, formula, prototypes, past and proposed business dealings or transactions, product lines, services, research activities, belonging to or which relate to the affairs of the Company or any Associated Company, or any document marked "Confidential" (or with a similar expression), or any information which the Employee has been told is confidential or which the Employee might reasonably expect the Company would regard as confidential or information which has been given in confidence to the Company or any Associated Company by a third party.

9.4 **“Control”** and its derivatives has the meaning set out in S.416 Income and Corporation Taxes Act 1988 (as amended).

9.5 **“Statutory Employment Protection Claim”** means any of the claims listed in Annex 2 which the Employee has or may have against the Company or any Associated Company (whether or not the Employee is aware of the claims at the time of entering into this Agreement).

10. MISCELLANEOUS

10.1 This Agreement although marked “Without Prejudice” and “Subject to Contract” will, upon signature by both parties and the completion of the Adviser’s certificate at Annex 1, be treated as an open document evidencing an agreement binding on the parties.

10.2 This Agreement may be executed by counterparts which together shall constitute one agreement. Either party may enter into this Agreement by executing a counterpart and this Agreement shall not take effect until it has been executed by both parties.

10.3 This Agreement is governed by English Law and the parties hereby submit to the exclusive jurisdiction of the English Courts.

10.4 All references in this Agreement and its Annexes to the Company or any Associated Companies shall include any successor in title or assign of the Company or any of the Associated Companies.

10.5 The terms of this Agreement constitute the entire agreement and understanding between the parties hereto and it supersedes and replaces all prior negotiations, agreements, arrangements or understanding (whether implied or expressed, orally or in writing) concerning the subject-matter hereof, all of which are hereby treated as terminated by mutual consent.

10.6 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

10.7 The various provisions and sub-provisions of this Agreement and its Annexes are severable and if any provision or identifiable part thereof is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining provisions or identifiable parts thereof in this Agreement or its Annexes.

10.8 The Company is entering into this Agreement for itself and as agent for and trustee of all Associated Companies. The parties intend that each Associated Company should be able to enforce in its own right the terms of this Agreement which expressly or impliedly confer a benefit on that company subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999. The consent of any party who is not a party to this Agreement shall not be required for the variation or termination of this Agreement, even if that variation or termination affects the benefits conferred on such party.

10.9 Headings are inserted for convenience only and shall not affect the construction of this Agreement.

SIGNED by or on behalf of the parties on the date first above written:

/s/ Mike Flower

For and on behalf of
QUAKER CHEMICAL LIMITED

/s/ Mark Harris

MARK HARRIS

ANNEX 1

ADVISER'S CERTIFICATE

I, Robert Bryan, confirm that Mark Harris of Broughton House, Middle Lane, Balscote, Nr Banbury, Oxfordshire OX15 6JP (the "Employee") has received independent legal advice from me on the terms and effect of this Agreement in accordance with the provisions of S.203(3) Employment Rights Act 1996, S.77(4A) Sex Discrimination Act 1975, S.72(4A) Race Relations Act 1976, Schedule 3A, paragraph 2(2) Disability Discrimination Act 1995, S.288(2B) Trade Union and Labour Relations (Consolidation) Act 1992, S.49(4) National Minimum Wage Act 1998, Regulation 35(3) Working time Regulations 1998, Regulation 41 (4) of the Transnational Information and Consultation of Employees Regulations 1999, Schedule 4, paragraph 2(2) Employment Equality (Religion or Belief) Regulations 2003, Schedule 4, paragraph 2(2) Employment Equality (Sexual Orientation) Regulations 2003, Regulation 40(4) of the Information and Consultation of Employees Regulations 2004, Paragraph 13 of the Schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 and Schedule 5, Part 1, paragraph 2(2) of the Employment Equality Age Regulations 2006.

I also warrant and confirm that I am a solicitor of the Supreme Court, who holds a valid practising certificate and whose Firm, Darbys Solicitors LLP of 52 New Inn Hall Street, Oxford OX1 2DN, is covered by a policy of insurance, or an indemnity provided for members of a profession or professional body, which covers the risk of claims by the Employee in respect of any loss arising in consequence of such advice that I have given to the Employee in connection with the terms and effect of this Agreement.

SIGNED: **/s/ Robert Bryan** **DATED:** **28th October, 2008**

Robert Bryan
Solicitor

ANNEX 2

STATUTORY EMPLOYMENT PROTECTION CLAIMS

Employment Rights Act and related rights

Automatic unfair dismissal under sections 94 and 104 of the Employment Rights Act 1996 (assertion of statutory rights).

Automatic unfair dismissal under sections 94 and 105 of the Employment Rights Act 1996 (selection for redundancy on prohibited grounds).

Statement of employment particulars and itemised pay statement under Part I of the Employment Rights Act 1996.

Working time rights which can be enforced in the Employment Tribunal under Regulation 30 of the Working Time Regulations 1998.

Automatic unfair dismissal under sections 94 and 101A and protection from suffering detriment under section 45A Employment Rights Act 1996 (working time cases).

Paternity leave under Part VIII of the Employment Rights Act 1996 and Paternity and Adoption Leave Regulations 2002.

Automatic unfair dismissal under sections 94 and 99 of the Employment Rights Act 1996 (leave for family reasons) and regulation 29 of the Paternity and Adoption Leave Regulations 2002.

Protection from suffering detriment under section 47C of the Employment Rights Act 1996 (leave for family and domestic reasons) and regulation 28 of the Paternity and Adoption Leave Regulations 2002.

Parental leave under Part VIII of the Employment Rights Act 1996 and the Maternity and Parental Leave etc Regulations 1999.

Automatic unfair dismissal under sections 94 and 99 of the Employment Rights Act 1996 (leave for family reasons) and regulation 20 of the Maternity and Parental Leave etc Regulations 1999.

Protection from suffering detriment under section 47C of the Employment Rights Act 1996 (leave for family and domestic reasons) and regulation 19 of the Maternity and Parental Leave etc Regulations 1999.

Time off for dependents under section 57A of the Employment Rights Act 1996.

Automatic unfair dismissal under sections 94 and 99 of the Employment Rights Act 1996 (leave for family reasons) and regulation 20 of the Maternity and Parental Leave etc Regulations 1999.

Protection from suffering detriment under section 47C of the Employment Rights Act 1996 (leave for family and domestic reasons) and regulation 19 of the Maternity and Parental Leave etc Regulations 1999.

Adoption leave under Part VIII of the Employment Rights Act 1996 and the Paternity and Adoption Leave Regulations 2002.

Automatic unfair dismissal under sections 94 and 99 of the Employment Rights Act 1996 (leave for family reasons) and regulation 29 of the Paternity and Adoption Leave Regulations 2002.

Protection from suffering detriment under section 47C of the Employment Rights Act 1996 (leave for family and domestic reasons) and regulation 28 of the Paternity and Adoption Leave Regulations 2002.

Discrimination & Harassment

Equal pay under section 2 of the Equal Pay Act 1970.

Discrimination and/or harassment under sections 6 and 20A of the Sex Discrimination Act 1975.

Discrimination and/or harassment under sections 4 and 27A of the Race Relations Act 1976.

Discrimination and/or harassment under sections 4, 4A and 16A of the Disability Discrimination Act 1995.

Discrimination and/or harassment under regulations 6 and 21 of the Employment Equality (Religion or Belief) Regulations 2003.

Discrimination and/or harassment under regulations 6 and 21 of the Employment Equality (Sexual Orientation) Regulations 2003.

Discrimination and/or harassment under regulations 7 and 24 of the Employment Equality (Age) Regulations 2006.

Harassment under section 3 of the Protection from Harassment Act 1997 and any other claim for which the Company may be vicariously liable for the acts of its employees under statute and/or tort.

ANNEX 3

POST TERMINATION COVENANTS

1. NON-COMPETITION

The Employee hereby agrees that he shall not (without the consent in writing of the Board) for a period of twelve months immediately following the Termination Date within the Prohibited Area and whether on the Employee's own behalf or in conjunction with or on behalf of any other person, firm, company or other organisation, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), in competition with the Company be directly or indirectly (i) employed or engaged in, or (ii) perform services in respect of, or (iii) be otherwise concerned with:

1.1 the research into, development, manufacture, supply or marketing of any product which is of the same or similar type to any product researched, or developed, or manufactured, or supplied, or marketed by the Company during the twelve months immediately preceding the Termination Date;

1.2 the development or provision of any services (including but not limited to technical and product support, or consultancy or customer services) which are of the same or similar type to any services provided by the Company during the twelve months immediately preceding the Termination Date;

PROVIDED ALWAYS that the provisions of this paragraph 1 shall apply only in respect of those products or services with which the Employee was either personally concerned or for which the Employee was responsible whilst employed by the Company during the twelve months immediately preceding the Termination Date.

2. NON-SOLICITATION OF CUSTOMERS

The Employee hereby agrees that he shall not for a period of twelve months immediately following the Termination Date whether on the Employee's own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly (i) solicit or, (ii) assist in soliciting, or (iii) accept, or (iv) facilitate the acceptance of, or (v) deal with, in competition with the Company, the custom or business of any Customer or Prospective Customer:-

2.1 with whom the Employee has had personal contact or dealings on behalf of the Company during the twelve months immediately preceding the Termination Date; or

2.2 for whom the Employee was, in a client management capacity on behalf of the Company, directly responsible during the twelve months immediately preceding the Termination Date.

3. NON-SOLICITATION OF EMPLOYEES

The Employee hereby agrees that he will not for a period of twelve months immediately following the Termination Date either on the Employee's own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation (and whether as an employee, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:

3.1 (i) induce or (ii) solicit, or (iii) entice or (iv) procure, any person who is a Company Employee to leave the Company's or any Associated Company's employment (as applicable);

3.2 be personally involved to a material extent in (i) accepting into employment or (ii) otherwise engaging or using the services of, any person who is a Company Employee on the Termination Date.

4. INTERFERENCE WITH SUPPLIERS

The Employee hereby agrees that he shall not, whether on the Employee's own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly (i) for a period of twelve months immediately following the Termination Date and (ii) in relation to any contract or arrangement which the Company has with any Supplier for the exclusive supply of goods or services to the Company and/or its Associated Companies, for the duration of such contract or arrangement:

4.1 interfere with the supply of goods or services to the Company from any Supplier;

4.2 induce any Supplier of goods or services to the Company to cease or decline to supply such goods or services in the future.

5. ASSOCIATED COMPANIES

5.1 The provisions of paragraphs 5.2 and 5.3 below shall only apply in respect of those Associated Companies (i) to whom the Employee gave his services, or (ii) for whom the Employee was responsible, or (iii) with whom the Employee was otherwise concerned, in the twelve months immediately preceding the Termination Date.

5.2 Paragraphs 1, 2, 3, 4, and 6 in this Annex 3 shall apply as though references to the "Associated Company" were substituted for reference to the "Company". The obligations undertaken by the Employee pursuant to this Annex 3 shall, with respect to each Associated Company, constitute a separate and distinct covenant and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favour of the Company or any other Associated Company.

5.3 In relation to each Associated Company referred to in paragraphs 5.1 and 5.2 above, the Company contracts as trustee and agent for the benefit of each such Associated Company. The Employee agrees that, if required to do so by the Company, he will enter into covenants in the same terms as those set out in paragraphs 1, 2, 3, 4 and 6 hereof directly with all or any of such Associated Companies, mutatis mutandis. If the Employee fails, within 7 days of receiving such a request from the Company, to sign the necessary documents to give effect to the foregoing, the Company shall be entitled, and is hereby irrevocably and unconditionally authorised by the Employee, to execute all such documents as are required to give effect to the foregoing, on the Employee's behalf.

6. DEFINITIONS

For the purposes of this Annex 3, the following words and cognate expressions shall have the meanings set out below:

6.1 "Board" means the Board of Directors of the Company.

6.2 "Company" and "Associated Company" shall have the meanings set out in the Agreement attached hereto, and shall include their successors in title and assigns (as applicable).

6.3 "Company Employee" means any person who was employed by (i) the Company or (ii) any Associated Company, for at least 3 months prior to and on the Termination Date and with whom the Employee had material contact or dealings in performing his duties of his employment and:

(a) who had material contact with customers or suppliers of the Company in performing his or her duties of employment with the Company or any Associated Company (as applicable); and/or

(b) who was a member of the management team of the Company or any Associated Company (as applicable); and/or

(c) who was a member of the Research & Development Department of the Company or any Associated Company (as applicable).

6.4 "Customer" means any person, firm, company or other organisation whatsoever to whom the Company has supplied goods or services.

6.5 "Prohibited Area" means:

(a) the United Kingdom, United States, Brazil, Russia, India, China, South Africa, Japan,; and

(b) any other country whether in Europe or elsewhere in the world where, on the Termination Date, the Company develops, sells, supplies, manufactures or researches its products or services or where the Company is intending within 3 months following the Termination Date to develop, sell, supply or manufacture its products or services and in respect of which the Employee has been responsible (whether alone or jointly with others), concerned or active on behalf of the Company during any part of the twelve months immediately preceding the Termination Date.

6.6 "Prospective Customer" means any person, firm, company or other organisation with whom the Company has had any negotiations or material discussions regarding the possible supply of goods or services by the Company.

6.7 "Supplier" means any person, company, business entity or other organisation whatsoever who:

(a) has supplied goods or services to the Company during any part of the twelve months immediately preceding the Termination Date; or

(b) has agreed prior to the Termination Date to supply goods or services to the Company to commence at any time in the twelve months following the Termination Date; or

(c) as at the Termination Date, supplies goods or services to the Company under an exclusive contract or arrangement between that supplier and the Company.

6.8 "Termination Date" shall have the meaning set out in Clause 1 of the Agreement attached hereto.

ANNEX 4

CONSULTANCY AGREEMENT

THIS AGREEMENT dated this 29th day of October, 2008

BETWEEN

(1) Quaker Chemical Corporation whose registered office is at 901 Hector Street, One Quaker Park, Conshohocken, Pennsylvania, USA (the "Company")

and

(2) Mark Harris of Broughton House, Middle Lane, Balscote, Nr Banbury, Oxfordshire OX15 6JP (the "Employee")

IT IS AGREED as follows:

1. SERVICES

1.1 You will provide the Company and such Associated Company as the Company shall direct with such consultancy services in relation to the business of the Company or any Associated Company as are reasonably requested by the Company from time to time ("the Services").

1.2 You shall primarily provide the Services from your home. You may also be required to travel throughout the UK and abroad when providing the Services, as is reasonably necessary to perform the requested Services.

1.3 You will provide the Services on such dates and times as we will agree between us, subject to a maximum of 10 days per month for the first three years of this Consultancy Agreement ("Monthly Maximum"). The Monthly Maximum may be exceeded by agreement between the parties, but with no obligation on either party to agree.

1.4 During the fourth and fifth years of the Consultancy Agreement, there will be no obligation on you to provide the Services for any minimum number of days.

1.5 You will provide the Services at a service level of high standard and which complies with prevailing standards of accepted business practices and ethics.

1.6 You will provide the Services personally and you may not assign or sub-contract the provision of the Services to any other person, firm or company without the prior written consent of the Company.

2. PERIOD OF CONSULTANCY

The period of your consultancy with the Company will commence on 1 January 2009 and will continue until 31 December 2013, unless terminated earlier by either you or the Company, in accordance with Clause 9 below.

3. FEES AND EXPENSES

3.1 Subject to the terms of Clause 4, the Company will pay you:

(a) For the first year of the Consultancy Agreement, a monthly fee of £18,490;

(b) For the second and third years of the Consultancy Agreement, a monthly fee of £10,500;

(c) For the first, second and third years of the Consultancy Agreement, a fee of £600 per day for any additional days worked above the Monthly Maximum;

(d) For the period commencing on 1 January 2012 and ending on 31 December 2013, a monthly sum of £4,500, payment to be made on the last day of each month; and

(e) The annual sum of £40,000 in 2009, 2010 and 2011. The sums shall become due for payment on 1 July 2009, 1 July 2010 and 1 July 2011 respectively,

and in each case subject to you complying with your obligations at Clauses 3.3 and 3.4 below and subject to the remaining terms of this Agreement.

3.2 The Company will reimburse you for reasonable expenses properly incurred in providing the Services, subject both to your providing receipts or other supporting evidence of the expenditure consistent with the Company's travel and entertainment policy.

3.3 During the first three years of the Consultancy Agreement, you must provide the Company on the last day of each month with an invoice (with such detail as reasonably required by the Company) for your fees and expenses (subject to Clause 3.2 above) due in respect of the Services supplied during the previous month. The Company agrees to pay such invoice within 14 days of it being received and approved by the Company.

3.4 The fees referred to above shall be exclusive of any Value Added Tax which may be payable. You shall, if applicable, notify the Company of your registration for VAT and provide VAT invoices in respect of the Services.

4. CONDITIONS FOR PAYMENT

Your entitlement to each of the sums referred to in Clause 3.1 above is strictly conditional on the following, and no payment shall be due unless each of the conditions is satisfied:

4.1 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, within the Prohibited Area and whether on your own behalf or in conjunction with or on behalf of any other person, firm, company or other organisation, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), in competition with the Company or any Associated Company directly or indirectly (i) been employed or engaged in, or (ii) performed services in respect of, or (iii) been otherwise concerned with:

(a) the research into, development, manufacture, supply or marketing of any product which is of the same or similar type to any product researched, or developed, or manufactured, or supplied, or marketed by the Company or any Associated Company during the twelve months immediately preceding the due date for payment of such sum;

(b) the development or provision of any services (including but not limited to technical and product support, or consultancy or customer services) which are of the same or similar type to any services provided by the Company or any Associated Company during the twelve months immediately preceding the due date for payment of such sum;

4.2 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly (i) solicited or, (ii) assisted in soliciting, or (iii) accepted, or (iv) facilitated the acceptance of, or (v) dealt with, in competition with the Company or any Associated Company, the custom or business of any person, company, business entity or other organisation who is on the due date for payment, or was in the 12 months prior to the due date for payment, a Customer or Prospective Customer;

4.3 you shall not have, in the period ending on the relevant due date for payment of the relevant sum either on your own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation (and whether as an employee, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:

(a) (i) induced or (ii) solicited, or (iii) enticed or (iv) procured, any person to leave the Company's or any Associated Company's employment (as applicable);

(b) been personally involved to a material extent in (i) accepting into employment or (ii) otherwise engaging or using the services of, any person who was on the date of such involvement, employed by the Company or any Associated Company;

4.4 you shall not have, in the period ending on the relevant due date for payment of the relevant sum, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly:

(a) interfered with the supply of goods or services to the Company or any Associated Company from any supplier;

(b) induced any supplier of goods or services to the Company or any Associated Company to cease or decline to supply such goods or services in the future;

4.5 you shall not have used for your own purposes, or those of any other person, firm, company or other organisation whatsoever, or disclosed to any person, firm, company or other organisation whatsoever any Confidential Information, as defined in Clause 8, or made any notes or taken any copies of any document or information stored in any form which relates to any matter within the scope of the Company's or any Associated Company's business or dealings, otherwise than for the benefit of the Company or any Associated Company.

5. RELATIONSHIP WITH THE COMPANY

5.1 Your relationship with the Company shall be that of an independent contractor and at no time must you hold yourself out as being an officer, employee or agent of the Company or of any Associated Company.

5.2 Subject to your due compliance with the terms of this Agreement, you shall be free to provide services to or accept employment with any other person, firm, company or other organisation. However during the period of this Agreement you shall not (whether as shareholder, director, employee, contractor, partner, consultant, proprietor, agent or otherwise) without the prior written consent of the Company such consent not to be unreasonably withheld or delayed either directly or indirectly (i) be engaged by, or (ii) provide services to, or (iii) be or become involved in, any business which is in competition with any business carried on, or about to be carried on, at the relevant time by the Company or any Associated Company or which could otherwise have a prejudicial effect on any such business. This shall not prevent you from the holding of up to 5 per cent of any class of issued shares of any company listed on a recognised Stock Exchange.

5.3 You will be wholly responsible for all taxes, national insurance or other contributions which may be payable in respect of all of the sums payable to you by the Company. As a result, you agree to indemnify and hold the Company and all its Associated Companies harmless against all taxes (excluding VAT), national insurance or other contributions, costs, claims, penalties, interest, expenses or proceedings arising out of or in connection with such taxes and contributions. Notwithstanding the foregoing, the Company reserves the right to deduct from any payment to you, tax and national insurance contributions.

5.4 You shall provide to the Company at the times stated below, or on its reasonable request and on reasonable notice, satisfactory evidence that:

(a) on the commencement of the period of your consultancy with the Company and at the end of each tax year thereafter whilst such period continues, you have registered with Her Majesty's Revenue & Customs ("HMRC") as self-employed, and are so regarded by HMRC as taxed on that basis; and

(b) you have paid, by the due date, all tax and national insurance contributions in respect of any monies paid to you by the Company.

6. INSURANCE

It is your responsibility to arrange, at your own cost, a policy of insurance to cover all claims or proceedings (and all associated costs, penalties and expenses whatsoever) instituted by any third party against the Company or any Associated Company which arise out of or are connected with any negligent, unlawful or defective provision of the Services by you.

7. INTELLECTUAL PROPERTY RIGHTS

7.1 You agree to disclose promptly to the Company any idea, method, invention, discovery, design or other work which you, (whether alone or with others), create, produce or develop either in the course of providing the Services or which relate to or are capable of being used in those aspects of the business(es) of the Company or any Associated Company in relation to which you provide the Services, (referred to in this letter as the “Works”).

7.2 You agree that all intellectual property rights in any Works (including but not limited to trademarks, inventions, patents, designs and copyright) wherever in the world enforceable shall immediately vest in and remain the sole and exclusive property of the Company and, in consideration of the sum of £1 (receipt of which you acknowledge) you assign to the Company, with full title guarantee, all rights, title and interest in and to the same. You agree, at the Company’s request and cost, to take such actions and execute any document as is reasonably necessary to vest properly all such rights in the Company or, (where so directed by the Company), in its nominee and to secure all appropriate forms of protection for and defend and enforce such rights. You agree not to do anything which might prejudice the Company’s rights under this Clause 7.2.

7.3 You irrevocably and unconditionally waive all rights granted by the Copyright, Designs and Patents Act 1988 that may vest in you in connection with your authorship of any copyright works in the course of providing the Services, wherever in the world enforceable, including (without limitation) the right to be identified as the author of any such works and the right not to have such works altered.

7.4 The rights and obligations under this Clause 7 shall continue in full force and effect after the termination of your consultancy with the Company in respect of Works made during the period of such consultancy, and shall be binding on your successors.

8. CONFIDENTIALITY

8.1 You shall neither during the period when you are providing the Services to the Company, nor at any time after the termination thereof, use for your own purposes, or those of any other person, firm, company or other organisation whatsoever, or disclose to any person, firm, company or other organisation whatsoever any Confidential Information, as defined in this Clause 8.

8.2 You will not at any time during the period when you are providing the Services to the Company make any notes or take any copies of any document or information stored in any form which relates to any matter within the scope of the Company’s or any Associated Company’s business or dealings, otherwise than for the benefit of the Company or any Associated Company. Such information shall remain the Company’s property at all times and must be returned to the Company on demand and, in any event, upon the termination of the consultancy. This includes any document (in any form) which you create in connection with your provision of the Services.

8.3 The obligations in this Clause 8 do not apply to any information or knowledge which may subsequently come into the public domain after the termination of your consultancy, other than by way of any unauthorised disclosure (whether by you or any third party).

8.4 For the purposes of this Clause 8 “Confidential Information” means:

any trade secrets or confidential information relating or belonging to the Company or any Associated Company, including but not limited to any such information relating to business plans or dealings, strategic plans, technical data, existing and potential projects, financial information dealings and plans, sales specifications or targets, customer lists or specifications, customers, business developments and plans, research plans or reports, sales or marketing programmes or policies or plans, price lists or pricing policies, employees or officers, source codes, computer systems, software, designs, formula, prototypes, past and proposed business dealings or transactions, product lines, services, research activities,, any Works, any document marked “confidential” (or a similar expression), or any information which you have been told is of a confidential nature or which you might reasonably expect the Company, or any Associated Company, would regard as confidential, or any information which has been given to the Company or any Associated Company in confidence by customers, suppliers or any other persons.

9. TERMINATION OF AGREEMENT

9.1 This Consultancy Agreement may be terminated by you on 60 days written notice.

9.2 The Company is entitled to terminate this Consultancy Agreement immediately, and at any time during the duration of this Consultancy Agreement without any entitlement to payment for the notice period referred to in Clause 9.1 if you:

(a) commit a serious breach of any of your obligations to the Company (or to any Associated Company) including, without limitation, as provided for hereunder;

(b) fail, or continue to fail, or refuse to provide the Services to the standards or time scales reasonably required by the Company;

(c) act in any way which materially prejudices the interests of the Company or any Associated Company,

PROVIDED that the Company shall not exercise its rights under this Clause 9.2 unless either (i) the breach, failure, refusal or act is incapable of remedy, or (ii), it has served notice on you of the relevant breach, failure, refusal or act, and such breach, failure, refusal or act remains unremedied for 14 days after service of such notice. Upon termination of this Consultancy Agreement, the Company will be liable to pay you fees and expenses up to the date of termination. You may be required to provide the Company with an invoice for such amount if the Company so requests. In addition, you will be paid any further annual payments due under Clause 3.1(e), and, during the period commencing on the date of termination and ending on December 31 2013, a monthly allowance of £4,500 (in place of the monthly allowance referred to in Clauses 3.1 (b) and (d)), provided that payment of the annual payments and the monthly allowance shall be subject to compliance with the conditions in Clause 4. Other than as provided for by this clause 9.2, the Company cannot terminate this Consultancy Agreement.

9.3 On termination of this Consultancy Agreement, you must return to the Company all property belonging to the Company which is in your possession or under your control.

9.4 If you terminate this Agreement before 1 January 2010, you will be paid the monthly allowance of £12,489 until 1 January 2010 and thereafter, a monthly allowance £4,500 until December 31, 2013 plus amounts due under Clause 3.1(e), all subject to the conditions in Clause 4.

9.5 If you terminate this Agreement on or after 1 January 2010, you will be paid the monthly allowance of £4,500 until December 31, 2013 plus amounts due under Clause 3.1(e), all subject to the conditions in Clause 4.

9.6 You will comply with the terms of the Schedule.

10. DEFINITIONS

10.1 For the purposes of this Agreement the following words and cognate expressions shall have the meanings set out below:

(a) "Customer" means any person, firm, company or other organisation whatsoever to whom the Company or any Associated Company has supplied goods or services.

(b) "Prohibited Area" means:

(i) the United Kingdom, the United States, Brazil, Russia, India, China, South Africa, Japan,; and

(ii) any other country whether in Europe or elsewhere in the world where, on the due date for payment of the relevant sum referred to in Clause 3, the Company develops, sells, supplies, manufactures or researches its products or services or where you are or should be reasonably aware that the Company intends within 3 months of the due date for payment of the relevant payment referred to in Clause 3 to develop, sell, supply or manufacture its products or services.

(c) "Prospective Customer" means any person, firm, company or other organisation with whom the Company or an Associated Company has had any negotiations or material discussions regarding the possible supply of goods or services by the Company or an Associated Company.

(d) "Associated Company" shall mean any person, firm, company or other organisation which:

(i) the Company directly or indirectly controls; or

(ii) which directly or indirectly controls the Company; or

(iii) is directly or indirectly controlled by a third party, firm, company or other organisation which also directly or indirectly controls the Company; or

(iv) of which the Company or any other Associated Company directly or indirectly owns or has a beneficial interest of 20% or more of the issued share capital or of its capital assets.

10.2 References to "the Company" and "Associated Company" shall include their successors in title or assigns from time to time.

11. MISCELLANEOUS

11.1 The terms of this Consultancy Agreement shall be governed by English law and both you and the Company submit to the exclusive jurisdiction of the English courts.

11.2 This Consultancy Agreement may be executed by counterparts which together shall constitute one agreement. Either party may enter into this Consultancy Agreement by executing a counterpart and this Consultancy Agreement shall not take effect until it has been executed by both parties.

11.3 This Consultancy Agreement constitutes the entire terms and conditions of your engagement by the Company (and any Associated Company).

SIGNED by or on behalf of the parties on the date first above written:

For and on behalf of
QUAKER CHEMICAL CORPORATION

MARK HARRIS

SCHEDULE

CONSULTANT'S POST TERMINATION COVENANTS

1. NON-COMPETITION

You hereby agree that you shall not (without the consent in writing of the Board) for a period of twelve months immediately following the Termination Date within the Prohibited Area and whether on your own behalf or in conjunction with or on behalf of any other person, firm, company or other organisation, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), in competition with the Company be directly or indirectly (i) employed or engaged in, or (ii) perform services in respect of, or (iii) be otherwise concerned with:

1.1 the research into, development, manufacture, supply or marketing of any product which is of the same or similar type to any product researched, or developed, or manufactured, or supplied, or marketed by the Company during the twelve months immediately preceding the Termination Date;

1.2 the development or provision of any services (including but not limited to technical and product support, or consultancy or customer services) which are of the same or similar type to any services provided by the Company during the twelve months immediately preceding the Termination Date;

PROVIDED ALWAYS that the provisions of this paragraph 1 shall apply only in respect of those products or services with which you were either personally concerned or for which you were responsible whilst engaged by the Company during the twelve months immediately preceding the Termination Date.

2. NON-SOLICITATION OF CUSTOMERS

You hereby agree that you shall not for a period of twelve months immediately following the Termination Date whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly (i) solicit or, (ii) assist in soliciting, or (iii) accept, or (iv) facilitate the acceptance of, or (v) deal with, in competition with the Company, the custom or business of any Customer or Prospective Customer:-

2.1 with whom you had personal contact or dealings on behalf of the Company during the twelve months immediately preceding the Termination Date; or

2.2 for whom you were, in a client management capacity on behalf of the Company, directly responsible during the twelve months immediately preceding the Termination Date.

3. NON-SOLICITATION OF EMPLOYEES

You hereby agree that you will not for a period of twelve months immediately following the Termination Date either on your own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation (and whether as an employee, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:

3.1 (i) induce or (ii) solicit, or (iii) entice or (iv) procure, any person who is a Company Employee to leave the Company's or any Associated Company's employment (as applicable);

3.2 be personally involved to a material extent in (i) accepting into employment or (ii) otherwise engaging or using the services of, any person who is a Company Employee on the Termination Date.

4. INTERFERENCE WITH SUPPLIERS

You hereby agree that you shall not, whether on your own behalf or in conjunction with or on behalf of any person, company, business entity or other organisation (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly (i) for a period of twelve months immediately following the Termination Date and (ii) in relation to any contract or arrangement which the Company has with any Supplier for the exclusive supply of goods or services to the Company and/or its Associated Companies, for the duration of such contract or arrangement:

4.1 interfere with the supply of goods or services to the Company from any Supplier;

4.2 induce any Supplier of goods or services to the Company to cease or decline to supply such goods or services in the future.

5. ASSOCIATED COMPANIES

5.1 The provisions of paragraphs 5.2 and 5.3 below shall only apply in respect of those Associated Companies (i) to whom you gave your services, or (ii) for whom you were responsible, or (iii) with whom you were otherwise concerned, in the twelve months immediately preceding the Termination Date.

5.2 Paragraphs 1, 2, 3, 4, and 6 in this Schedule shall apply as though references to the “Associated Company” were substituted for reference to the “Company”. The obligations undertaken by you pursuant to this Schedule shall, with respect to each Associated Company, constitute a separate and distinct covenant and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favour of the Company or any other Associated Company.

5.3 In relation to each Associated Company referred to in paragraphs 5.1 and 5.2 above, the Company contracts as trustee and agent for the benefit of each such Associated Company. You agree that, if required to do so by the Company, he will enter into covenants in the same terms as those set out in paragraphs 1, 2, 3, 4 and 6 hereof directly with all or any of such Associated Companies, mutatis mutandis. If you fail, within 7 days of receiving such a request from the Company, to sign the necessary documents to give effect to the foregoing, the Company shall be entitled, and is hereby irrevocably and unconditionally authorised by you to execute all such documents as are required to give effect to the foregoing, on your behalf.

6. DEFINITIONS

For the purposes of this Schedule, the following words and cognate expressions shall have the meanings set out below:

6.1 “Board” means the Board of Directors of the Company.

6.2 “Company” and “Associated Company” shall have the meanings set out in the Agreement attached hereto, and shall include their successors in title and assigns (as applicable).

6.3 “Company Employee” means any person who was employed by (i) the Company or (ii) any Associated Company, for at least 3 months prior to and on the Termination Date and with whom you had material contact or dealings in performing services to the Company or an Associated Company and:

(a) who had material contact with customers or suppliers of the Company in performing his or her duties of employment with the Company or any Associated Company (as applicable); and/or

(b) who was a member of the management team of the Company or any Associated Company (as applicable); and/or

(c) who was a member of the Research & Development Department of the Company or any Associated Company (as applicable).

6.4 "Customer" means any person, firm, company or other organisation whatsoever to whom the Company has supplied goods or services.

6.5 "Prohibited Area" means:

(a) the United Kingdom, United States, Brazil, Russia, India, China, South Africa, Japan,; and

(b) any other country whether in Europe or elsewhere in the world where, on the Termination Date, the Company develops, sells, supplies, manufactures or researches its products or services or where the Company is intending within 3 months following the Termination Date to develop, sell, supply or manufacture its products or services and in respect of which the Employee has been responsible (whether alone or jointly with others), concerned or active on behalf of the Company during any part of the twelve months immediately preceding the Termination Date.

6.6 "Prospective Customer" means any person, firm, company or other organisation with whom the Company has had any negotiations or material discussions regarding the possible supply of goods or services by the Company.

6.7 "Supplier" means any person, company, business entity or other organisation whatsoever who:

(a) has supplied goods or services to the Company during any part of the twelve months immediately preceding the Termination Date; or

(b) has agreed prior to the Termination Date to supply goods or services to the Company to commence at any time in the twelve months following the Termination Date; or

(c) as at the Termination Date, supplies goods or services to the Company under an exclusive contract or arrangement between that supplier and the Company.

6.8 "Termination Date" shall mean the earlier of (a) the date on which this Agreement terminates, and (b) 31 December 2013.

Exhibit 10.52

AMENDMENT TO
MEMORANDUM OF EMPLOYMENT

Effective: January 1, 2008

Name: Mark A. Featherstone

Address: 1316 Jacob Drive
Yardley, PA 19067

WHEREAS, on June 28, 2007, MARK A. FEATHERSTONE ("Featherstone") and Quaker Chemical Corporation, a Pennsylvania corporation ("Quaker"), entered into a Memorandum of Employment; and

WHEREAS, Featherstone and Quaker wish to amend the Memorandum of Employment to reflect final regulations issued under section 409A of the Internal Revenue Code;

NOW THEREFORE, in consideration of the mutual promises and covenants contained in the Memorandum of Employment and herein, and intending to be legally bound hereby, the parties agree that the Memorandum of Employment is amended as follows, effective January 1, 2008:

1. Section 8 of the Memorandum of Employment is amended to read as follows:

8. Termination. Quaker, in its sole discretion, may terminate your employment at any time and without notice for any reason, including Cause. If you incur a Separation from Service by action of Quaker for any reason other than Cause, death, disability or normal retirement age, Quaker agrees to:

a. Provide you with reasonable outplacement assistance, either by providing the services in-kind, or by reimbursing reasonable expenses actually incurred by you in connection with your Separation from Service. The outplacement services must be provided during the one-year period following your Separation from Service. If any expenses are to be reimbursed, you must request the reimbursement within eighteen months of your Separation from Service and reimbursement will be made within 30 days of your request.

b. Pay you severance in twelve monthly installments commencing on the Payment Date, each of which is equal to your monthly base salary at the time of your Separation from Service, provided you sign a Release within 45 days of the later of the date you receive the Release or your Separation from Service.

"Separation from Service" means your separation from service with Quaker and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto. **"Cause"** means your employment with Quaker has been terminated by reason of (i) your willful and material breach of this Memorandum of Employment, (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of your duties hereunder which is materially injurious to Quaker, or (iii) conviction of or plea of guilty to a felony. **"Payment Date"** means (x) the 60th day after your Separation from Service or (y) if you are a specified employee (as defined in Treas. Reg. §1.409A-1(i)) as of the date of your Separation from Service, and the severance described in subsection (b) is deferred compensation subject to section 409A of the Code, the first business day of the seventh month following the month in which your Separation from Service occurs. If the Payment Date is described in clause (y), the amount paid on the Payment Date shall include all monthly installments that would have been paid earlier had clause (y) not been applicable, plus interest at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of your Separation from Service (or the previous business day if such day is not a business day), for the period from the date payment would have been made had clause (y) not been applicable through the date payment is made. **"Release"** means a release (in a form satisfactory to Quaker) of any and all claims against Quaker and all related parties with respect to all matters arising out of your employment with Quaker, or the termination thereof (other than for claims for any entitlements under the terms of this Memorandum of Employment or any plans or programs of Quaker under which you have accrued a benefit) that Quaker provides to you no later than three days after your Separation from Service. If a release is not provided to you within this time period, the severance shall be paid even if you do not sign a release.

2. The "Other Items" section of Addendum 1 to the Memorandum of Employment is amended to read as follows:

Other Items: You will be entitled to the termination benefits described in Section 8 of the Memorandum of Employment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Memorandum of Employment.

ATTEST:	QUAKER CHEMICAL CORPORATIOON
/s/ Irene M. Kisleiko	By: /s/ Michael F. Barry
Name: Irene M. Kisleiko	Name: Michael F. Barry
	November 19, 2008
WITNESS:	
/s/ Irene M. Kisleiko	/s/ Mark A. Featherstone
Name: Irene M. Kisleiko	Mark A. Featherstone
	November 19, 2008

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated November 19, 2008, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the “Company”), and Mark A. Featherstone (the “Manager”),

W I T N E S S E T H T H A T

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders that the Company and its subsidiaries be able to attract, retain, and motivate highly qualified management personnel and, in particular, that they be assured of continuity of management in the event of any actual or threatened change in control of the Company; and

WHEREAS, the Board of Directors of the Company believes that the execution by the Company of change in control agreements with certain management personnel, including the Manager, is an important factor in achieving this desired end;

WHEREAS, the Manager and the Company entered into a Change in Control Agreement dated June 10, 2004; and

WHEREAS, the Manager and the Company wish to amend and restate the Change in Control Agreement to (i) reflect final regulations under Section 409A of the Internal Revenue Code, and (ii) increase the multiple applicable to the Manager’s benefits hereunder from one to one and one-half;

NOW, THEREFORE, IN CONSIDERATION of the mutual obligations and agreements contained herein and intending to be legally bound hereby, the Manager and the Company agree that the Change in Control Agreement is amended and restated, as follows:

1. Term of Agreement.

This Agreement shall become effective on January 1, 2008 (the “Effective Date”), and shall continue in effect through December 31, 2009, provided, however, that the term of this Agreement shall automatically be extended for one additional year beyond December 31, 2009, and successive one-year periods thereafter, unless, not later than eighteen (18) months (nine (9) months with respect to the automatic extension that would otherwise begin on January 1, 2010) preceding the calendar year for which the term would otherwise automatically extend, the Company shall have given written notice to the Manager of intention not to extend this Agreement for an additional year, in which event this Agreement shall continue in effect until December 31 of the calendar year immediately preceding the calendar year for which the term would have otherwise automatically extended. Notwithstanding any such notice not to extend, if a Change in Control (as defined in Section 2) occurs during the original or extended term of this Agreement, this Agreement shall remain in effect after a Change in Control until all obligations of the parties hereto under this Agreement shall have been satisfied.

2. Change in Control.

As used in this Agreement, a “Change in Control” of the Company shall be deemed to have occurred if:

(a) 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 (i) the Company and/or its wholly owned subsidiaries; (ii) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) 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 (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is 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 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 determined by the members of the Board of Directors of the Company who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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;

(b) During any two-year period after the Effective Date, 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 (a) or (c)) 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;

(c) The consummation of (i) 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 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 voting shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; or (ii) 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

(d) The Company's shareholders or the Company's Board of Directors shall approve 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.

3. Entitlement to Change in Control Benefits; Certain Definitions.

The Manager shall be entitled to the benefits provided in this Agreement in the event the Manager has a Separation from Service under the circumstances described in (a) below (a "Covered Termination"), provided the Manager executes and does not revoke a Release (as defined below), if any, provided by the Company.

(a) A Covered Termination shall have occurred in the event the Manager's employment with the Company or its affiliates is terminated within two (2) years following a Change in Control by:

(i) The Company or its affiliates without Cause (as defined below); or

(ii) Resignation of the Manager for Good Reason (as defined below).

The Manager shall have no rights to any payments or benefits under this Agreement in the event the Manager's employment with the Company and its affiliates is terminated (i) as a result of death or Disability (as defined below), or (ii) by the Company or its affiliates for Cause. In the event the Manager's employment is terminated for any reason prior to a Change in Control, the Manager shall have no rights to any payments or benefits under this Agreement and, after any such termination, this Agreement shall be of no further force or effect.

"Cause" shall mean (i) the Manager's willful and material breach of the employment agreement, if any, between the Manager and the Company (after having received notice thereof and a reasonable opportunity to cure or correct), (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of the Manager's employment with the Company or its affiliates which is materially injurious to the Company, or (iii) conviction of or plea of guilty to a felony, such Cause to be determined, in each case, by a resolution approved by at least two-thirds of the Directors of the Company after having afforded the Manager a reasonable opportunity to appear before the Board of Directors of the Company and present his position.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with any applicable regulations thereunder.

"Disability" shall mean covered total and permanent disability as defined in the long-term disability plan maintained by the Company for employees generally or, if the Company does not maintain such a plan, the long-term disability plan most recently maintained by the Company for employees generally.

"Good Reason" shall mean any of the following actions without the Manager's consent, other than due to the Manager's death or Disability: (i) any reduction in the Manager's base salary from that provided immediately before the Covered Termination or, if higher, immediately before the Change in Control; (ii) any reduction in the Manager's bonus opportunity (including cash and noncash incentives) or increase in the goals or standards required to accrue that opportunity, as compared to the opportunity and goals or standards in effect immediately before the Change in Control; (iii) a material adverse change in the nature or scope of the Manager's authorities, powers, functions, or duties from those in effect immediately before the Change in Control; (iv) a reduction in the Manager's benefits from those provided immediately before the Change in Control, disregarding any reduction under a plan or program covering employees generally that applies to all employees covered by the plan or program; or (v) the Manager being required to accept a primary employment location which is more than twenty-five (25) miles from the location at which he primarily was employed during the ninety (90) day period prior to a Change in Control.

"Payment Date" shall mean the 60th day after the Manager's Separation from Service, subject to Section 9.

"Release" shall mean a release (in a form satisfactory to the Company) of any and all claims against the Company and all related parties with respect to all matters arising out of the Manager's employment by the Company and its affiliates, or the termination thereof (other than claims for any entitlements under the terms of this Agreement, under any employment agreement between the Manager and the Company, or under any plans or programs of the Company under which the Manager has accrued a benefit) that the Company provides to the Manager no later than three days after the date of the Manager's Covered Termination. Notwithstanding any provision of this Agreement to the contrary, if the Company provides a Release to the Manager, the Manager shall not be entitled to any payments or benefits under this Agreement unless the Manager executes the Release within 45 days of the later of the date he receives the Release or the date of his Covered Termination, and the Manager does not revoke the Release.

"Separation from Service" shall mean the Manager's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

"Specified Employee" shall mean the Manager if he is a specified employee as defined in Section 409A of the Code as of the date of his Separation from Service.

4. Severance Allowance.

(a) Amount of Severance Allowance. In the event of a Covered Termination, the Company shall pay or cause to be paid to the Manager in cash a severance allowance (the "Severance Allowance") equal to one (in the event the Covered Termination occurs before January 1, 2009) or one and one-half (in the event the Covered Termination occurs after December 31, 2008) times the sum of the amounts determined in accordance with the following paragraphs (i) and (ii):

(i) An amount equivalent to the highest annualized base salary which the Manager was entitled to receive from the Company and its subsidiaries at any time during his employment prior to the Covered Termination; and

(ii) An amount equal to the average of the aggregate annual amounts paid to the Manager in the Applicable Three-Year Period under all applicable annual incentive compensation plans maintained by the Company and its affiliates (other than compensation relating to relocation expense; the grant, exercise, or settlement of stock options, restricted stock or performance incentive units or the sale or other disposition of shares received upon exercise or settlement of such awards); provided, however, that (x) in determining the average amount paid under the annual incentive plan during the Applicable Three-Year Period there shall be excluded any year in which no amounts were paid to the Manager under that plan; and (y) there shall be excluded from such calculation any amounts paid to the Manager under any such incentive compensation plan as a result of the acceleration of such payments under such plan due to termination of the plan, a Change in Control, or a similar occurrence. The Applicable Three-Year Period shall be (A) if the Manager has received an annual incentive compensation plan payment in the calendar year of his Covered Termination, the calendar year in which such Covered Termination occurs and the two preceding calendar years, or (B) in any other case, the three calendar years preceding the calendar year in which the Manager's Covered Termination occurs; provided, however, that the Applicable Three-Year Period shall be determined by substituting "Change In Control" for "Covered Termination" if such substitution results in a higher amount under this subsection (ii).

In no event shall any retention bonus or change in control or success fee be taken into account when determining the amount of the Severance Allowance hereunder.

(b) Payment of Severance Allowance. The Severance Allowance shall be paid to the Manager in a lump sum on the Payment Date if the applicable Change in Control is also a change in control event as defined in Treas. Reg. §1.409A-3(i)(5) (or any successor thereto). In any other case, the Severance Allowance shall be paid (i) if the Covered Termination occurs before January 1, 2009, in twelve monthly installments commencing on the Payment Date, each of which is equal to one-twelfth (1/12th) of the amount of the Severance Allowance determined under Section 4(a), or (ii) if the Covered Termination occurs after December 31, 2008, in eighteen monthly installments commencing on the Payment Date, each of which is equal to one eighteenth (1/18th) of the amount of the Severance Allowance determined under Section 4(a), which are treated as a right to a series of separate payments for purposes of Section 409A of the Code.

5. Outplacement and Welfare Benefits.

(a) Outplacement. Subject to Section 6, for a period of one year following a Covered Termination of the Manager, the Company shall make or cause to be made available to the Manager, at its expense, outplacement counseling and other outplacement services comparable to those available for the Company's senior managers prior to the Change in Control.

(b) Welfare Benefits. Subject to Section 6, for a period of twelve months (in the event the Covered Termination occurs before January 1, 2009) or eighteen months (in the event the Covered Termination occurs after December 31, 2008) following a Covered Termination of the Manager, the Manager and the Manager's dependents shall be entitled to participate in the Company's life, medical, and dental insurance plans at the Company's expense, in accordance with the terms of such plans at the time of such Covered Termination as if the Manager were still employed by the Company or its affiliates under this Agreement. If, however, life, medical, or dental insurance benefits are not paid or provided under any such plan to the Manager or his dependents because the Manager is no longer an employee of the Company or its subsidiaries, the Company itself shall, to the extent necessary, pay or otherwise provide for such benefits to the Manager and his dependents.

6. Effect of Other Employment.

In the event the Manager becomes employed (as defined below) during the period with respect to which benefits are continuing pursuant to Section 5: (a) the Manager shall notify the Company not later than the day such employment commences; and (b) the benefits provided for in Section 5 shall terminate as of the date of such employment. For the purposes of this Section 6, the Manager shall be deemed to have become "employed" by another entity or person only if the Manager becomes essentially a full-time employee of a person or an entity (not more than 30% of which is owned by the Manager and/or members of his family); and the Manager's "family" shall mean his parents, his siblings and their spouses, his children and their spouses, and the Manager's spouse and her parents and siblings. Nothing herein shall relieve the Company of its obligations for compensation or benefits accrued up to the time of termination provided for herein.

7. Other Payments and Benefits.

On the Payment Date, the Company shall pay or cause to be paid to the Manager the aggregate of: (a) the Manager's earned but unpaid base salary through the Covered Termination at the rate in effect on the date of the Covered Termination, or if higher, at the rate in effect at any time during the 90-day period preceding the Change in Control; (b) any unpaid bonus or annual incentive payable to the Manager in respect of the calendar year ending prior to the Covered Termination; (c) the pro rata portion of any and all unpaid bonuses and annual incentive awards for the calendar year in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between January 1 and the date of the Covered Termination, and the denominator of which is 365) of the target bonuses or annual incentive awards for such calendar year; and (d) the pro rata portion of any and all awards under the Company's long term incentive plan for the performance period(s) in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between the first day of the applicable performance period and the date of the Covered Termination, and the denominator of which is the total number of days in the applicable performance period) of the amount of the award which would have been payable had (i) the Covered Termination not occurred, and (ii) the target level of performance been achieved for the applicable performance period. The Manager shall be entitled to receive any other payments or benefits that the Manager is entitled to pursuant to the express terms of any compensation or benefit plan or arrangement of the Company or any of its affiliates; provided that: (x) the Severance Allowance (i) shall be in lieu of any severance payments to which the Manager might otherwise be entitled under the terms of any severance pay plan, policy, or arrangement maintained by the Company or the employment agreement, if any, between the Manager and the Company, and (ii) shall be credited against any severance payments to which the Manager may be entitled by statute; (y) any annual incentive described in subsection (b) or (c) shall decrease (or shall be decreased by), but not below zero, the amount of the annual incentive payable (or paid) with respect to the same calendar year under the Company's annual incentive plan (currently the 2001 Global Annual Incentive Plan); and (z) any amount described in subsection (d) shall decrease (or shall be decreased by), but not below zero, the amount of the analogous performance award payable (or paid) with respect to the same performance period(s) under the Company's long term incentive plan(s) (currently the 2006 Long-Term Performance Incentive Plan).

8. Death After Covered Termination.

In the event the Manager dies after a Covered Termination occurs, (a) any payments due to the Manager under Section 4 and the first sentence of Section 7 and not paid prior to the Manager's death shall be made to the person or persons who may be designated by the Manager in writing or, in the event he fails to so designate, to the Manager's personal representatives, and (b) the Manager's spouse and dependents shall be eligible for the welfare benefits described in Section 5(b). Payments pursuant to subsection (a) shall be made on the later of (i) the date payment would have been made to the Manager without regard to Section 9, or (ii) the date of the Manager's death.

9. Certain Section 409A Rules.

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if the Manager is a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is Separation from Service shall not be made or provided before the date that is six months after the date of the Manager's Separation from Service. Any payment or benefit that is delayed pursuant to this Section 9 shall be made or provided on the first business day of the seventh month following the month in which the Manager's Separation from Service occurs. With respect to any cash payment delayed pursuant to this Section 9, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Manager's Covered Termination (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 9 through the date payment is made. The provisions of this Section 9 shall apply only to the extent required to avoid the Manager's incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as practicable after the Manager requests such reimbursement (subject to Section 9(a)), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

10. Confidentiality and Noncompetition.

(a) Confidential Information. The Manager acknowledges that information concerning the method and conduct of the Company's (and any affiliate's) 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 the Company's (and any affiliate's) manuals, documents, notes, letters, records, and computer programs ("Proprietary Business Information"), are the sole and exclusive property of the Company (and/or the Company's affiliates, as the case may be) and are likely to constitute, contain or reveal trade secrets ("Trade Secrets") of the Company (and/or the Company's affiliate's, as the case may be). The term "Trade Secrets" as used herein does not include Proprietary Business Information that is known or becomes known to the public through no act or failure to act on the part of the Manager, or which can be clearly shown by written records to have been known by the Manager prior to the commencement of his employment with the Company.

(i) The Manager agrees that at no time during or following his employment with the Company will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets.

(ii) Upon termination of the Manager's employment with the Company regardless of the reason for the termination of the Manager's employment hereunder, or at any other time upon the Company's request, the Manager agrees to forthwith surrender to the Company any and all materials in his possession or control which constitute or contain any Proprietary Business Information.

(b) Noncompetition. The Manager agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of the Manager's employment, he will not:

(i) 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 specialty chemical products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by the Company (or any of its affiliates);

(ii) directly or indirectly recruit, solicit or encourage any employee of the Company (or any of its affiliates) or otherwise induce such employee to leave the employ of the Company (or any of its affiliates) or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; or

(iii) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for the Company), any then or former customer, supplier, or client of the Company with the intent of actively engaging in business which would cause competitive harm to the Company (or any of its affiliates).

(c) Severability. The Manager acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby.

(d) Remedies. The Manager agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in this Section 10, the Company may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, the Company shall be entitled to seek equitable remedies, including injunctive relief in any court of applicable jurisdiction notwithstanding the provisions of Section 12. In the event of any breach of the restrictive covenant contained in this Section 10, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease. Furthermore, if a court or arbitration panel determines that the Manager has breached any of the provisions of this Section 10, the Company's obligations to pay amounts and continue the benefits under this Agreement to the Manager (and his dependents) shall immediately terminate.

11. Set-Off Mitigation.

Except as provided in Section 6, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action which the Company may have against the Manager or others. In no event shall the Manager be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Manager under any of the provisions of this Agreement.

12. **<u>Arbitration: Costs and Expenses of Enforcement</u>.**

(a) Arbitration. Except as otherwise provided in Sections 10(d) and 13, any controversy or claim arising out of or relating to this Agreement or the breach thereof which cannot promptly be resolved by the parties shall be promptly submitted to and settled exclusively by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the laws of the Commonwealth of Pennsylvania by three arbitrators, one of whom shall be appointed by the Company, one by the Manager, and the third of whom shall be appointed by the first two arbitrators. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Section 12. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) Costs and Expenses. In the event that it shall be necessary or desirable for the Manager to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement at any time during his lifetime, the Company shall pay (or the Manager shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and costs and expenses in connection with the enforcement of his said rights (including those incurred in or related to any arbitration proceedings provided for in subsection (a) and the enforcement of any arbitration award in court), regardless of the final outcome.

13. **<u>Limitation on Payment Obligation</u>.**

(a) Definitions. For purposes of this Section 13, all terms capitalized but not otherwise defined herein shall have the meanings as set forth in Section 280G of the Code. In addition:

(i) the term "Parachute Payment" shall mean a payment described in Section 280G(b)(2)(A) or Section 280G(b)(2)(B) of the Code (including, but not limited to, any stock option rights, stock grants, and other cash and noncash compensation amounts that are treated as payments under either such section) and not excluded under Section 280G(b)(4)(A) or Section 280G(b)(6) of the Code;

(ii) the term "Reasonable Compensation" shall mean reasonable compensation for prior personal services as defined in Section 280G(b)(4)(B) of the Code and subject to the requirement that any such reasonable compensation must be established by clear and convincing evidence; and

(iii) the portion of the "Base Amount" and the amount of "Reasonable Compensation" allocable to any "Parachute Payment" shall be determined in accordance with Section 280G(b)(3) and (4) of the Code.

(b) Limitation. Notwithstanding any other provision of this Agreement, Parachute Payments to be made to or for the benefit of the Manager but for this subsection (b), whether pursuant to this Agreement or otherwise, shall be reduced if and to the extent necessary so that the aggregate Present Value of all such Parachute Payments shall be at least one dollar ($1.00) less than the greater of (i) three times the Manager's Base Amount and (ii) the aggregate Reasonable Compensation allocable to such Parachute Payments. Any reduction in Parachute Payments caused by reason of this subsection (b) shall be applied in the manner least economically detrimental to the Manager. In the event reduction of two or more types of payments would be economically equivalent, the reduction shall be applied pro-rata to such types of payments.

This subsection (b) shall be interpreted and applied to limit the amounts otherwise payable to the Manager under this Agreement or otherwise only to the extent required to avoid any material risk of the imposition of excise taxes on the Manager under Section 4999 of the Code or the disallowance of a deduction to the Company under Section 280G(a) of the Code. In the making of any such interpretation and application, the Manager shall be presumed to be a disqualified individual for purposes of applying the limitations set forth in this subsection (b) without regard to whether or not the Manager meets the definition of disqualified individual set forth in Section 280G(c) of the Code. In the event that the Manager and the Company are unable to agree as to the application of this subsection (b), the Company's independent auditors shall select independent tax counsel to determine the amount of such limits. Such selection of tax counsel shall be subject to the Manager's consent, provided that the Manager shall not unreasonably withhold his consent. The determination of such tax counsel under this Section 13 shall be final and binding upon the Manager and the Company.

(c) Illegal Payments. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder to or for the benefit of the Manager if and to the extent that such payments are determined to be illegal.

14. Notices.

Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing, and if hand delivered or if sent by registered or certified mail, if to the Manager, at the last address he had filed in writing with the Company or if to the Company, at its principal executive offices. Notices, requests, etc. shall be effective when actually received by the addressee or at such address.

15. Withholding.

Notwithstanding any provision of this Agreement to the contrary, the Company may, to the extent required by law, withhold applicable Federal, state and local income and other taxes from any payments due to the Manager hereunder.

16. Assignment and Benefit.

(a) This Agreement is personal to the Manager and shall not be assignable by the Manager, by operation of law, or otherwise without the prior written consent of the Company otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Manager's heirs and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any subsidiary of the Company to which the Company may assign any of its rights hereunder; provided, however, that no assignment of this Agreement by the Company, by operation of law, or otherwise shall relieve it of its obligations hereunder except an assignment of this Agreement to, and its assumption by, a successor pursuant to subsection (c).

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, but, irrespective of any such assignment or assumption, this Agreement shall inure to the benefit of and be binding upon such a successor. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

17. Governing Law.

The provisions of this Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to principles of conflicts of laws.

18. Entire Agreement; Amendment.

(a) This Agreement supersedes the Change in Control Agreement entered into between the Manager and the Company on June 10, 2004, which agreement shall be null and void as of the Effective Date. Except for the change in control provisions set forth in the Company's annual incentive plan and long term incentive plans, this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof. The Manager understands and acknowledges that the Company's severance plan, annual incentive plan and long term incentive plans are hereby amended with respect to the Manager to avoid duplication of benefits, as provided in Section 7.

(b) The Company reserves the right to unilaterally amend this Agreement without the consent of the Manager to the extent the Compensation/Management Development Committee of the Company's Board of Directors (in its sole discretion) determines is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Code; otherwise, this Agreement may not be altered or amended except by an agreement in writing executed by the Company and the Manager.

19. No Waiver.

The failure to insist upon strict compliance with any provision of this Agreement by any party shall not be deemed to be a waiver of any future noncompliance with such provision or of noncompliance with any other provision.

20. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

21. Indemnification.

The Company shall defend and hold the Manager harmless to the fullest extent permitted by applicable law in connection with any claim, action, suit, investigation or proceeding arising out of or relating to performance by the Manager of services for, or action of the Manager as a director, officer or employee of the Company or any parent, subsidiary or affiliate of the Company, or of any other person or enterprise at the Company's request. Expenses incurred by the Manager in defending such a claim, action, suit or investigation or criminal proceeding shall be paid by the Company in advance of the final disposition thereof upon the receipt by the Company of an undertaking by or on behalf of the Manager to repay said amount unless it shall ultimately be determined that the Manager is entitled to be indemnified hereunder; provided, however, that this shall not apply to a nonderivative action commenced by the Company against the Manager.

IN WITNESS WHEREOF, the Manager has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

MANAGER

/s/ Mark A. Featherstone

QUAKER CHEMICAL CORPORATION

By: /s/ Michael F. Barry
Title: CEO & President

ATTEST:

/s/ Irene M. Kisleiko

Exhibit 10.54

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated November 19 , 2008, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the "Company"), and D. Jeffry Benoliel (the "Manager"),

W I T N E S S E T H T H A T

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders that the Company and its subsidiaries be able to attract, retain, and motivate highly qualified management personnel and, in particular, that they be assured of continuity of management in the event of any actual or threatened change in control of the Company; and

WHEREAS, the Board of Directors of the Company believes that the execution by the Company of change in control agreements with certain management personnel, including the Manager, is an important factor in achieving this desired end;

WHEREAS, the Manager and the Company entered into a Change in Control Agreement dated June 10, 2004; and

WHEREAS, the Manager and the Company wish to amend and restate the Change in Control Agreement to reflect final regulations under Section 409A of the Internal Revenue Code;

NOW, THEREFORE, IN CONSIDERATION of the mutual obligations and agreements contained herein and intending to be legally bound hereby, the Manager and the Company agree that the Change in Control Agreement is amended and restated, as follows:

1. Term of Agreement.

This Agreement shall become effective on January 1, 2008 (the "Effective Date"), and shall continue in effect through December 31, 2009, provided, however, that the term of this Agreement shall automatically be extended for one additional year beyond December 31, 2009, and successive one-year periods thereafter, unless, not later than eighteen (18) months (nine (9) months with respect to the automatic extension that would otherwise begin on January 1, 2010) preceding the calendar year for which the term would otherwise automatically extend, the Company shall have given written notice to the Manager of intention not to extend this Agreement for an additional year, in which event this Agreement shall continue in effect until December 31 of the calendar year immediately preceding the calendar year for which the term would have otherwise automatically extended. Notwithstanding any such notice not to extend, if a Change in Control (as defined in Section 2) occurs during the original or extended term of this Agreement, this Agreement shall remain in effect after a Change in Control until all obligations of the parties hereto under this Agreement shall have been satisfied.

2. <u>Change in Control</u>.

As used in this Agreement, a "Change in Control" of the Company shall be deemed to have occurred if:

(a) 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 (i) the Company and/or its wholly owned subsidiaries; (ii) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) 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 (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is 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 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 determined by the members of the Board of Directors of the Company who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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;

(b) During any two-year period after the Effective Date, 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 (a) or (c)) 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;

(c) The consummation of (i) 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 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 voting shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; or (ii) 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

(d) The Company's shareholders or the Company's Board of Directors shall approve 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.

3. Entitlement to Change in Control Benefits; Certain Definitions.

The Manager shall be entitled to the benefits provided in this Agreement in the event the Manager has a Separation from Service under the circumstances described in (a) below (a "Covered Termination"), provided the Manager executes and does not revoke a Release (as defined below), if any, provided by the Company.

(a) A Covered Termination shall have occurred in the event the Manager's employment with the Company or its affiliates is terminated within two (2) years following a Change in Control by:

(i) The Company or its affiliates without Cause (as defined below); or

(ii) Resignation of the Manager for Good Reason (as defined below).

The Manager shall have no rights to any payments or benefits under this Agreement in the event the Manager's employment with the Company and its affiliates is terminated (i) as a result of death or Disability (as defined below), or (ii) by the Company or its affiliates for Cause. In the event the Manager's employment is terminated for any reason prior to a Change in Control, the Manager shall have no rights to any payments or benefits under this Agreement and, after any such termination, this Agreement shall be of no further force or effect.

"Cause" shall mean (i) the Manager's willful and material breach of the employment agreement, if any, between the Manager and the Company (after having received notice thereof and a reasonable opportunity to cure or correct), (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of the Manager's employment with the Company or its affiliates which is materially injurious to the Company, or (iii) conviction of or plea of guilty to a felony, such Cause to be determined, in each case, by a resolution approved by at least two-thirds of the Directors of the Company after having afforded the Manager a reasonable opportunity to appear before the Board of Directors of the Company and present his position.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with any applicable regulations thereunder.

"Disability" shall mean covered total and permanent disability as defined in the long-term disability plan maintained by the Company for employees generally or, if the Company does not maintain such a plan, the long-term disability plan most recently maintained by the Company for employees generally.

"Good Reason" shall mean any of the following actions without the Manager's consent, other than due to the Manager's death or Disability: (i) any reduction in the Manager's base salary from that provided immediately before the Covered Termination or, if higher, immediately before the Change in Control; (ii) any reduction in the Manager's bonus opportunity (including cash and noncash incentives) or increase in the goals or standards required to accrue that opportunity, as compared to the opportunity and goals or standards in effect immediately before the Change in Control; (iii) a material adverse change in the nature or scope of the Manager's authorities, powers, functions, or duties from those in effect immediately before the Change in Control; (iv) a reduction in the Manager's benefits from those provided immediately before the Change in Control, disregarding any reduction under a plan or program covering employees generally that applies to all employees covered by the plan or program; or (v) the Manager being required to accept a primary employment location which is more than twenty-five (25) miles from the location at which he primarily was employed during the ninety (90) day period prior to a Change in Control.

"Payment Date" shall mean the 60th day after the Manager's Separation from Service, subject to Section 9.

"Release" shall mean a release (in a form satisfactory to the Company) of any and all claims against the Company and all related parties with respect to all matters arising out of the Manager's employment by the Company and its affiliates, or the termination thereof (other than claims for any entitlements under the terms of this Agreement, under any employment agreement between the Manager and the Company, or under any plans or programs of the Company under which the Manager has accrued a benefit) that the Company provides to the Manager no later than three days after the date of the Manager's Covered Termination. Notwithstanding any provision of this Agreement to the contrary, if the Company provides a Release to the Manager, the Manager shall not be entitled to any payments or benefits under this Agreement unless the Manager executes the Release within 45 days of the later of the date he receives the Release or the date of his Covered Termination, and the Manager does not revoke the Release.

"Separation from Service" shall mean the Manager's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

"Specified Employee" shall mean the Manager if he is a specified employee as defined in Section 409A of the Code as of the date of his Separation from Service.

4. Severance Allowance.

(a) Amount of Severance Allowance. In the event of a Covered Termination, the Company shall pay or cause to be paid to the Manager in cash a severance allowance (the "Severance Allowance") equal to 1.5 times the sum of the amounts determined in accordance with the following paragraphs (i) and (ii):

(i) An amount equivalent to the highest annualized base salary which the Manager was entitled to receive from the Company and its subsidiaries at any time during his employment prior to the Covered Termination; and

(ii) An amount equal to the average of the aggregate annual amounts paid to the Manager in the Applicable Three-Year Period under all applicable annual incentive compensation plans maintained by the Company and its affiliates (other than compensation relating to relocation expense; the grant, exercise, or settlement of stock options, restricted stock or performance incentive units or the sale or other disposition of shares received upon exercise or settlement of such awards); provided, however, that (x) in determining the average amount paid under the annual incentive plan during the Applicable Three-Year Period there shall be excluded any year in which no amounts were paid to the Manager under that plan; and (y) there shall be excluded from such calculation any amounts paid to the Manager under any such incentive compensation plan as a result of the acceleration of such payments under such plan due to termination of the plan, a Change in Control, or a similar occurrence. The Applicable Three-Year Period shall be (A) if the Manager has received an annual incentive compensation plan payment in the calendar year of his Covered Termination, the calendar year in which such Covered Termination occurs and the two preceding calendar years, or (B) in any other case, the three calendar years preceding the calendar year in which the Manager's Covered Termination occurs; provided, however, that the Applicable Three-Year Period shall be determined by substituting " Change In Control" for "Covered Termination" if such substitution results in a higher amount under this subsection (ii).

In no event shall any retention bonus or change in control or success fee be taken into account when determining the amount of the Severance Allowance hereunder.

(b) Payment of Severance Allowance. The Severance Allowance shall be paid to the Manager in a lump sum on the Payment Date if the applicable Change in Control is also a change in control event as defined in Treas. Reg. §1.409A-3(i)(5) (or any successor thereto). In any other case, the Severance Allowance shall be paid in eighteen monthly installments commencing on the Payment Date, each of which is equal to one-eighteenth (1/18th) of the amount of the Severance Allowance determined under Section 4(a), which are treated as a right to a series of separate payments for purposes of Section 409A of the Code.

5. Outplacement and Welfare Benefits.

(a) Outplacement. Subject to Section 6, for a period of one year following a Covered Termination of the Manager, the Company shall make or cause to be made available to the Manager, at its expense, outplacement counseling and other outplacement services comparable to those available for the Company's senior managers prior to the Change in Control.

(b) Welfare Benefits. Subject to Section 6, for a period of 18 months following a Covered Termination of the Manager, the Manager and the Manager's dependents shall be entitled to participate in the Company's life, medical, and dental insurance plans at the Company's expense, in accordance with the terms of such plans at the time of such Covered Termination as if the Manager were still employed by the Company or its affiliates under this

Agreement. If, however, life, medical, or dental insurance benefits are not paid or provided under any such plan to the Manager or his dependents because the Manager is no longer an employee of the Company or its subsidiaries, the Company itself shall, to the extent necessary, pay or otherwise provide for such benefits to the Manager and his dependents.

6. Effect of Other Employment.

In the event the Manager becomes employed (as defined below) during the period with respect to which benefits are continuing pursuant to Section 5: (a) the Manager shall notify the Company not later than the day such employment commences; and (b) the benefits provided for in Section 5 shall terminate as of the date of such employment. For the purposes of this Section 6, the Manager shall be deemed to have become “employed” by another entity or person only if the Manager becomes essentially a full-time employee of a person or an entity (not more than 30% of which is owned by the Manager and/or members of his family); and the Manager’s “family” shall mean his parents, his siblings and their spouses, his children and their spouses, and the Manager’s spouse and her parents and siblings. Nothing herein shall relieve the Company of its obligations for compensation or benefits accrued up to the time of termination provided for herein.

7. Other Payments and Benefits.

On the Payment Date, the Company shall pay or cause to be paid to the Manager the aggregate of: (a) the Manager’s earned but unpaid base salary through the Covered Termination at the rate in effect on the date of the Covered Termination, or if higher, at the rate in effect at any time during the 90-day period preceding the Change in Control; (b) any unpaid bonus or annual incentive payable to the Manager in respect of the calendar year ending prior to the Covered Termination; (c) the pro rata portion of any and all unpaid bonuses and annual incentive awards for the calendar year in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between January 1 and the date of the Covered Termination, and the denominator of which is 365) of the target bonuses or annual incentive awards for such calendar year; and (d) the pro rata portion of any and all awards under the Company’s long term incentive plan for the performance period(s) in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between the first day of the applicable performance period and the date of the Covered Termination, and the denominator of which is the total number of days in the applicable performance period) of the amount of the award which would have been payable had (i) the Covered Termination not occurred, and (ii) the target level of performance been achieved for the applicable performance period. The Manager shall be entitled to receive any other payments or benefits that the Manager is entitled to pursuant to the express terms of any compensation or benefit plan or arrangement of the Company or any of its affiliates; provided that: (x) the Severance Allowance (i) shall be in lieu of any severance payments to which the Manager might otherwise be entitled under the terms of any severance pay plan, policy, or arrangement maintained by the Company or the employment agreement, if any, between the Manager and the Company, and (ii) shall be credited against any severance payments to which the Manager may be entitled by statute; (y) any annual incentive described in subsection (b) or (c) shall decrease (or shall be decreased by), but not below zero, the amount of the annual incentive payable (or paid) with respect to the same calendar year under the Company’s annual incentive plan (currently the 2001 Global Annual

Incentive Plan); and (z) any amount described in subsection (d) shall decrease (or shall be decreased by), but not below zero, the amount of the analogous performance award payable (or paid) with respect to the same performance period(s) under the Company's long term incentive plan(s) (currently the 2006 Long-Term Performance Incentive Plan).

8. Death After Covered Termination.

In the event the Manager dies after a Covered Termination occurs, (a) any payments due to the Manager under Section 4 and the first sentence of Section 7 and not paid prior to the Manager's death shall be made to the person or persons who may be designated by the Manager in writing or, in the event he fails to so designate, to the Manager's personal representatives, and (b) the Manager's spouse and dependents shall be eligible for the welfare benefits described in Section 5(b). Payments pursuant to subsection (a) shall be made on the later of (i) the date payment would have been made to the Manager without regard to Section 9, or (ii) the date of the Manager's death.

9. Certain Section 409A Rules.

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if the Manager is a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is Separation from Service shall not be made or provided before the date that is six months after the date of the Manager's Separation from Service. Any payment or benefit that is delayed pursuant to this Section 9 shall be made or provided on the first business day of the seventh month following the month in which the Manager's Separation from Service occurs. With respect to any cash payment delayed pursuant to this Section 9, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Manager's Covered Termination (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 9 through the date payment is made. The provisions of this Section 9 shall apply only to the extent required to avoid the Manager's incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as practicable after the Manager requests such reimbursement (subject to Section 9(a)), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

10. Confidentiality and Noncompetition.

(a) Confidential Information. The Manager acknowledges that information concerning the method and conduct of the Company's (and any affiliate's) 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 the Company's (and any affiliate's) manuals, documents, notes, letters, records, and computer programs ("Proprietary Business Information"), are the sole and exclusive property of the Company (and/or the Company's affiliates, as the case may be) and are likely to constitute, contain or reveal trade secrets ("Trade Secrets") of the Company (and/or the Company's affiliate's, as the case may be). The term "Trade Secrets" as used herein does not include Proprietary Business Information that is known or becomes known to the public through no act or failure to act on the part of the Manager, or which can be clearly shown by written records to have been known by the Manager prior to the commencement of his employment with the Company.

(i) The Manager agrees that at no time during or following his employment with the Company will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets.

(ii) Upon termination of the Manager's employment with the Company regardless of the reason for the termination of the Manager's employment hereunder, or at any other time upon the Company's request, the Manager agrees to forthwith surrender to the Company any and all materials in his possession or control which constitute or contain any Proprietary Business Information.

(b) Noncompetition. The Manager agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of the Manager's employment, he will not:

(i) 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 specialty chemical products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by the Company (or any of its affiliates);

(ii) directly or indirectly recruit, solicit or encourage any employee of the Company (or any of its affiliates) or otherwise induce such employee to leave the employ of the Company (or any of its affiliates) or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; or

(iii) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for the Company), any then or former customer, supplier, or client of the Company with the intent of actively engaging in business which would cause competitive harm to the Company (or any of its affiliates).

(c) Severability. The Manager acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby.

(d) Remedies. The Manager agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in this Section 10, the Company may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, the Company shall be entitled to seek equitable remedies, including injunctive relief in any court of applicable jurisdiction notwithstanding the provisions of Section 12. In the event of any breach of the restrictive covenant contained in this Section 10, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease. Furthermore, if a court or arbitration panel determines that the Manager has breached any of the provisions of this Section 10, the Company's obligations to pay amounts and continue the benefits under this Agreement to the Manager (and his dependents) shall immediately terminate.

11. Set-Off Mitigation.

Except as provided in Section 6, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action which the Company may have against the Manager or others. In no event shall the Manager be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Manager under any of the provisions of this Agreement.

12. Arbitration: Costs and Expenses of Enforcement.

(a) Arbitration. Except as otherwise provided in Sections 10(d) and 13, any controversy or claim arising out of or relating to this Agreement or the breach thereof which cannot promptly be resolved by the parties shall be promptly submitted to and settled exclusively by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the laws of the Commonwealth of Pennsylvania by three arbitrators, one of whom shall be appointed by the Company, one by the Manager, and the third of whom shall be appointed by the first two arbitrators. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Section 12. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) Costs and Expenses. In the event that it shall be necessary or desirable for the Manager to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement at any time during his lifetime, the Company shall pay (or the Manager shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and costs and expenses in connection with the enforcement of his said rights (including those incurred in or related to any arbitration proceedings provided for in subsection (a) and the enforcement of any arbitration award in court), regardless of the final outcome.

13. Limitation on Payment Obligation.

(a) Definitions. For purposes of this Section 13, all terms capitalized but not otherwise defined herein shall have the meanings as set forth in Section 280G of the Code. In addition:

(i) the term "Parachute Payment" shall mean a payment described in Section 280G(b)(2)(A) or Section 280G(b)(2)(B) of the Code (including, but not limited to, any stock option rights, stock grants, and other cash and noncash compensation amounts that are treated as payments under either such section) and not excluded under Section 280G(b)(4)(A) or Section 280G(b)(6) of the Code;

(ii) the term "Reasonable Compensation" shall mean reasonable compensation for prior personal services as defined in Section 280G(b)(4)(B) of the Code and subject to the requirement that any such reasonable compensation must be established by clear and convincing evidence; and

(iii) the portion of the "Base Amount" and the amount of "Reasonable Compensation" allocable to any "Parachute Payment" shall be determined in accordance with Section 280G(b)(3) and (4) of the Code.

(b) Limitation. Notwithstanding any other provision of this Agreement, Parachute Payments to be made to or for the benefit of the Manager but for this subsection (b), whether pursuant to this Agreement or otherwise, shall be reduced if and to the extent necessary so that the aggregate Present Value of all such Parachute Payments shall be at least one dollar ($1.00) less than the greater of (i) three times the Manager's Base Amount and (ii) the aggregate Reasonable Compensation allocable to such Parachute Payments. Any reduction in Parachute Payments caused by reason of this subsection (b) shall be applied in the manner least economically detrimental to the Manager. In the event reduction of two or more types of payments would be economically equivalent, the reduction shall be applied pro-rata to such types of payments.

This subsection (b) shall be interpreted and applied to limit the amounts otherwise payable to the Manager under this Agreement or otherwise only to the extent required to avoid any material risk of the imposition of excise taxes on the Manager under Section 4999 of the Code or the disallowance of a deduction to the Company under Section 280G(a) of the Code. In the making of any such interpretation and application, the Manager shall be presumed to be a disqualified individual for purposes of applying the limitations set forth in this subsection (b)

without regard to whether or not the Manager meets the definition of disqualified individual set forth in Section 280G(c) of the Code. In the event that the Manager and the Company are unable to agree as to the application of this subsection (b), the Company's independent auditors shall select independent tax counsel to determine the amount of such limits. Such selection of tax counsel shall be subject to the Manager's consent, provided that the Manager shall not unreasonably withhold his consent. The determination of such tax counsel under this Section 13 shall be final and binding upon the Manager and the Company.

(c) Illegal Payments. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder to or for the benefit of the Manager if and to the extent that such payments are determined to be illegal.

14. Notices.

Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing, and if hand delivered or if sent by registered or certified mail, if to the Manager, at the last address he had filed in writing with the Company or if to the Company, at its principal executive offices. Notices, requests, etc. shall be effective when actually received by the addressee or at such address.

15. Withholding.

Notwithstanding any provision of this Agreement to the contrary, the Company may, to the extent required by law, withhold applicable Federal, state and local income and other taxes from any payments due to the Manager hereunder.

16. Assignment and Benefit.

(a) This Agreement is personal to the Manager and shall not be assignable by the Manager, by operation of law, or otherwise without the prior written consent of the Company otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Manager's heirs and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any subsidiary of the Company to which the Company may assign any of its rights hereunder; provided, however, that no assignment of this Agreement by the Company, by operation of law, or otherwise shall relieve it of its obligations hereunder except an assignment of this Agreement to, and its assumption by, a successor pursuant to subsection (c).

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, but, irrespective of any such assignment or assumption, this Agreement shall inure to the benefit of and be binding upon such a successor. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

17. Governing Law.

The provisions of this Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to principles of conflicts of laws.

18. Entire Agreement; Amendment.

(a) This Agreement supersedes the Change in Control Agreement entered into between the Manager and the Company on June 10, 2004, which agreement shall be null and void as of the Effective Date. Except for the change in control provisions set forth in the Company's annual incentive plan and long term incentive plans, this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof. The Manager understands and acknowledges that the Company's severance plan, annual incentive plan and long term incentive plans are hereby amended with respect to the Manager to avoid duplication of benefits, as provided in Section 7.

(b) The Company reserves the right to unilaterally amend this Agreement without the consent of the Manager to the extent the Compensation/Management Development Committee of the Company's Board of Directors (in its sole discretion) determines is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Code; otherwise, this Agreement may not be altered or amended except by an agreement in writing executed by the Company and the Manager.

19. No Waiver.

The failure to insist upon strict compliance with any provision of this Agreement by any party shall not be deemed to be a waiver of any future noncompliance with such provision or of noncompliance with any other provision.

20. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

21. Indemnification.

The Company shall defend and hold the Manager harmless to the fullest extent permitted by applicable law in connection with any claim, action, suit, investigation or proceeding arising out of or relating to performance by the Manager of services for, or action of the Manager as a director, officer or employee of the Company or any parent, subsidiary or affiliate of the Company, or of any other person or enterprise at the Company's request. Expenses incurred by the Manager in defending such a claim, action, suit or investigation or criminal proceeding shall be paid by the Company in advance of the final disposition thereof upon the receipt by the Company of an undertaking by or on behalf of the Manager to repay said amount unless it shall ultimately be determined that the Manager is entitled to be indemnified hereunder; provided, however, that this shall not apply to a nonderivative action commenced by the Company against the Manager.

IN WITNESS WHEREOF, the Manager has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

MANAGER

/s/ D. Jeffry Benoliel

QUAKER CHEMICAL CORPORATION

By: /s/ Michael F. Barry
Title: Chief Executive Officer and President

ATTEST:

/s/ Irene M. Kisleiko

Exhibit 10.55

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated November 19, 2008, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the “Company”), and Joseph F. Matrange (the “Manager”),

W I T N E S S E T H   T H A T

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders that the Company and its subsidiaries be able to attract, retain, and motivate highly qualified management personnel and, in particular, that they be assured of continuity of management in the event of any actual or threatened change in control of the Company; and

WHEREAS, the Board of Directors of the Company believes that the execution by the Company of change in control agreements with certain management personnel, including the Manager, is an important factor in achieving this desired end;

NOW, THEREFORE, IN CONSIDERATION of the mutual obligations and agreements contained herein and intending to be legally bound hereby, the Manager and the Company agree that the Change in Control Agreement is amended and restated, as follows:

1. Term of Agreement.

This Agreement shall become effective on October 1, 2008 (the “Effective Date”), and shall continue in effect through December 31, 2009, provided, however, that the term of this Agreement shall automatically be extended for one additional year beyond December 31, 2009, and successive one-year periods thereafter, unless, not later than eighteen (18) months (nine (9) months with respect to the automatic extension that would otherwise begin on January 1, 2010) preceding the calendar year for which the term would otherwise automatically extend, the Company shall have given written notice to the Manager of intention not to extend this Agreement for an additional year, in which event this Agreement shall continue in effect until December 31 of the calendar year immediately preceding the calendar year for which the term would have otherwise automatically extended. Notwithstanding any such notice not to extend, if a Change in Control (as defined in Section 2) occurs during the original or extended term of this Agreement, this Agreement shall remain in effect after a Change in Control until all obligations of the parties hereto under this Agreement shall have been satisfied.

2. Change in Control.

As used in this Agreement, a “Change in Control” of the Company shall be deemed to have occurred if:

(a) 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 (i) the Company and/or its wholly owned subsidiaries; (ii) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) 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 (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is 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 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 determined by the members of the Board of Directors of the Company who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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;

(b) During any two-year period after the Effective Date, 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 (a) or (c)) 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;

(c) The consummation of (i) 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 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 voting shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; or (ii) 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

(d) The Company's shareholders or the Company's Board of Directors shall approve 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.

3. **Entitlement to Change in Control Benefits; Certain Definitions**.

The Manager shall be entitled to the benefits provided in this Agreement in the event the Manager has a Separation from Service under the circumstances described in (a) below (a "Covered Termination"), provided the Manager executes and does not revoke a Release (as defined below), if any, provided by the Company.

(a) A Covered Termination shall have occurred in the event the Manager's employment with the Company or its affiliates is terminated within two (2) years following a Change in Control by:

(i) The Company or its affiliates without Cause (as defined below); or

(ii) Resignation of the Manager for Good Reason (as defined below).

The Manager shall have no rights to any payments or benefits under this Agreement in the event the Manager's employment with the Company and its affiliates is terminated (i) as a result of death or Disability (as defined below), or (ii) by the Company or its affiliates for Cause. In the event the Manager's employment is terminated for any reason prior to a Change in Control, the Manager shall have no rights to any payments or benefits under this Agreement and, after any such termination, this Agreement shall be of no further force or effect.

"Cause" shall mean (i) the Manager's willful and material breach of the employment agreement, if any, between the Manager and the Company (after having received notice thereof and a reasonable opportunity to cure or correct), (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of the Manager's employment with the Company or its affiliates which is materially injurious to the Company, or (iii) conviction of or plea of guilty to a felony, such Cause to be determined, in each case, by a resolution approved by at least two-thirds of the Directors of the Company after having afforded the Manager a reasonable opportunity to appear before the Board of Directors of the Company and present his position.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with any applicable regulations thereunder.

"Disability" shall mean covered total and permanent disability as defined in the long-term disability plan maintained by the Company for employees generally or, if the Company does not maintain such a plan, the long-term disability plan most recently maintained by the Company for employees generally.

"Good Reason" shall mean any of the following actions without the Manager's consent, other than due to the Manager's death or Disability: (i) any reduction in the Manager's base salary from that provided immediately before the Covered Termination or, if higher, immediately before the Change in Control; (ii) any reduction in the Manager's bonus opportunity (including cash and noncash incentives) or increase in the goals or standards required to accrue that opportunity, as compared to the opportunity and goals or standards in effect immediately before

the Change in Control; (iii) a material adverse change in the nature or scope of the Manager's authorities, powers, functions, or duties from those in effect immediately before the Change in Control; (iv) a reduction in the Manager's benefits from those provided immediately before the Change in Control, disregarding any reduction under a plan or program covering employees generally that applies to all employees covered by the plan or program; or (v) the Manager being required to accept a primary employment location which is more than twenty-five (25) miles from the location at which he primarily was employed during the ninety (90) day period prior to a Change in Control.

"Payment Date" shall mean the 60th day after the Manager's Separation from Service, subject to Section 9.

"Release" shall mean a release (in a form satisfactory to the Company) of any and all claims against the Company and all related parties with respect to all matters arising out of the Manager's employment by the Company and its affiliates, or the termination thereof (other than claims for any entitlements under the terms of this Agreement, under any employment agreement between the Manager and the Company, or under any plans or programs of the Company under which the Manager has accrued a benefit) that the Company provides to the Manager no later than three days after the date of the Manager's Covered Termination. Notwithstanding any provision of this Agreement to the contrary, if the Company provides a Release to the Manager, the Manager shall not be entitled to any payments or benefits under this Agreement unless the Manager executes the Release within 45 days of the later of the date he receives the Release or the date of his Covered Termination, and the Manager does not revoke the Release.

"Separation from Service" shall mean the Manager's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

"Specified Employee" shall mean the Manager if he is a specified employee as defined in Section 409A of the Code as of the date of his Separation from Service.

4. Severance Allowance.

(a) Amount of Severance Allowance. In the event of a Covered Termination, the Company shall pay or cause to be paid to the Manager in cash a severance allowance (the "Severance Allowance") equal to 1.5 times the sum of the amounts determined in accordance with the following paragraphs (i) and (ii):

(i) An amount equivalent to the highest annualized base salary which the Manager was entitled to receive from the Company and its subsidiaries at any time during his employment prior to the Covered Termination; and

(ii) An amount equal to the average of the aggregate annual amounts paid to the Manager in the Applicable Three-Year Period under all applicable annual incentive compensation plans maintained by the Company and its affiliates (other than compensation relating to relocation expense; the grant, exercise, or settlement of stock options, restricted stock or

performance incentive units or the sale or other disposition of shares received upon exercise or settlement of such awards); provided, however, that (x) in determining the average amount paid under the annual incentive plan during the Applicable Three-Year Period there shall be excluded any year in which no amounts were paid to the Manager under that plan; and (y) there shall be excluded from such calculation any amounts paid to the Manager under any such incentive compensation plan as a result of the acceleration of such payments under such plan due to termination of the plan, a Change in Control, or a similar occurrence. The Applicable Three-Year Period shall be (A) if the Manager has received an annual incentive compensation plan payment in the calendar year of his Covered Termination, the calendar year in which such Covered Termination occurs and the two preceding calendar years, or (B) in any other case, the three calendar years preceding the calendar year in which the Manager's Covered Termination occurs; provided, however, that the Applicable Three-Year Period shall be determined by substituting " Change In Control" for "Covered Termination" if such substitution results in a higher amount under this subsection (ii).

In no event shall any retention bonus or change in control or success fee be taken into account when determining the amount of the Severance Allowance hereunder.

(b) Payment of Severance Allowance. The Severance Allowance shall be paid to the Manager in a lump sum on the Payment Date if the applicable Change in Control is also a change in control event as defined in Treas. Reg. §1.409A-3(i)(5) (or any successor thereto). In any other case, the Severance Allowance shall be paid in eighteen monthly installments commencing on the Payment Date, each of which is equal to one-eighteenth (1/18th) of the amount of the Severance Allowance determined under Section 4(a), which are treated as a right to a series of separate payments for purposes of Section 409A of the Code.

5. Outplacement and Welfare Benefits.

(a) Outplacement. Subject to Section 6, for a period of one year following a Covered Termination of the Manager, the Company shall make or cause to be made available to the Manager, at its expense, outplacement counseling and other outplacement services comparable to those available for the Company's senior managers prior to the Change in Control.

(b) Welfare Benefits. Subject to Section 6, for a period of 18 months following a Covered Termination of the Manager, the Manager and the Manager's dependents shall be entitled to participate in the Company's life, medical, and dental insurance plans at the Company's expense, in accordance with the terms of such plans at the time of such Covered Termination as if the Manager were still employed by the Company or its affiliates under this Agreement. If, however, life, medical, or dental insurance benefits are not paid or provided under any such plan to the Manager or his dependents because the Manager is no longer an employee of the Company or its subsidiaries, the Company itself shall, to the extent necessary, pay or otherwise provide for such benefits to the Manager and his dependents.

6. Effect of Other Employment.

In the event the Manager becomes employed (as defined below) during the period with respect to which benefits are continuing pursuant to Section 5: (a) the Manager shall notify the Company not later than the day such employment commences; and (b) the benefits provided for in Section 5 shall terminate as of the date of such employment. For the purposes of this Section 6, the Manager shall be deemed to have become “employed” by another entity or person only if the Manager becomes essentially a full-time employee of a person or an entity (not more than 30% of which is owned by the Manager and/or members of his family); and the Manager’s “family” shall mean his parents, his siblings and their spouses, his children and their spouses, and the Manager’s spouse and her parents and siblings. Nothing herein shall relieve the Company of its obligations for compensation or benefits accrued up to the time of termination provided for herein.

7. Other Payments and Benefits.

On the Payment Date, the Company shall pay or cause to be paid to the Manager the aggregate of: (a) the Manager’s earned but unpaid base salary through the Covered Termination at the rate in effect on the date of the Covered Termination, or if higher, at the rate in effect at any time during the 90-day period preceding the Change in Control; (b) any unpaid bonus or annual incentive payable to the Manager in respect of the calendar year ending prior to the Covered Termination; (c) the pro rata portion of any and all unpaid bonuses and annual incentive awards for the calendar year in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between January 1 and the date of the Covered Termination, and the denominator of which is 365) of the target bonuses or annual incentive awards for such calendar year; and (d) the pro rata portion of any and all awards under the Company’s long term incentive plan for the performance period(s) in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between the first day of the applicable performance period and the date of the Covered Termination, and the denominator of which is the total number of days in the applicable performance period) of the amount of the award which would have been payable had (i) the Covered Termination not occurred, and (ii) the target level of performance been achieved for the applicable performance period. The Manager shall be entitled to receive any other payments or benefits that the Manager is entitled to pursuant to the express terms of any compensation or benefit plan or arrangement of the Company or any of its affiliates; provided that: (x) the Severance Allowance (i) shall be in lieu of any severance payments to which the Manager might otherwise be entitled under the terms of any severance pay plan, policy, or arrangement maintained by the Company or the employment agreement, if any, between the Manager and the Company, and (ii) shall be credited against any severance payments to which the Manager may be entitled by statute; (y) any annual incentive described in subsection (b) or (c) shall decrease (or shall be decreased by), but not below zero, the amount of the annual incentive payable (or paid) with respect to the same calendar year under the Company’s annual incentive plan (currently the 2001 Global Annual Incentive Plan); and (z) any amount described in subsection (d) shall decrease (or shall be decreased by), but not below zero, the amount of the analogous performance award payable (or paid) with respect to the same performance period(s) under the Company’s long term incentive plan(s) (currently the 2006 Long-Term Performance Incentive Plan).

8. **Death After Covered Termination.**

In the event the Manager dies after a Covered Termination occurs, (a) any payments due to the Manager under Section 4 and the first sentence of Section 7 and not paid prior to the Manager's death shall be made to the person or persons who may be designated by the Manager in writing or, in the event he fails to so designate, to the Manager's personal representatives, and (b) the Manager's spouse and dependents shall be eligible for the welfare benefits described in Section 5(b). Payments pursuant to subsection (a) shall be made on the later of (i) the date payment would have been made to the Manager without regard to Section 9, or (ii) the date of the Manager's death.

9. **Certain Section 409A Rules.**

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if the Manager is a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is Separation from Service shall not be made or provided before the date that is six months after the date of the Manager's Separation from Service. Any payment or benefit that is delayed pursuant to this Section 9 shall be made or provided on the first business day of the seventh month following the month in which the Manager's Separation from Service occurs. With respect to any cash payment delayed pursuant to this Section 9, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Manager's Covered Termination (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 9 through the date payment is made. The provisions of this Section 9 shall apply only to the extent required to avoid the Manager's incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as practicable after the Manager requests such reimbursement (subject to Section 9(a)), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

10. Confidentiality and Noncompetition.

(a) Confidential Information. The Manager acknowledges that information concerning the method and conduct of the Company's (and any affiliate's) 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 the Company's (and any affiliate's) manuals, documents, notes, letters, records, and computer programs ("Proprietary Business Information"), are the sole and exclusive property of the Company (and/or the Company's affiliates, as the case may be) and are likely to constitute, contain or reveal trade secrets ("Trade Secrets") of the Company (and/or the Company's affiliate's, as the case may be). The term "Trade Secrets" as used herein does not include Proprietary Business Information that is known or becomes known to the public through no act or failure to act on the part of the Manager, or which can be clearly shown by written records to have been known by the Manager prior to the commencement of his employment with the Company.

(i) The Manager agrees that at no time during or following his employment with the Company will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets.

(ii) Upon termination of the Manager's employment with the Company regardless of the reason for the termination of the Manager's employment hereunder, or at any other time upon the Company's request, the Manager agrees to forthwith surrender to the Company any and all materials in his possession or control which constitute or contain any Proprietary Business Information.

(b) Noncompetition. The Manager agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of the Manager's employment, he will not:

(i) 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 specialty chemical products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by the Company (or any of its affiliates);

(ii) directly or indirectly recruit, solicit or encourage any employee of the Company (or any of its affiliates) or otherwise induce such employee to leave the employ of the Company (or any of its affiliates) or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; or

(iii) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for the Company), any then or former customer, supplier, or client of the Company with the intent of actively engaging in business which would cause competitive harm to the Company (or any of its affiliates).

(c) Severability. The Manager acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby.

(d) Remedies. The Manager agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in this Section 10, the Company may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, the Company shall be entitled to seek equitable remedies, including injunctive relief in any court of applicable jurisdiction notwithstanding the provisions of Section 12. In the event of any breach of the restrictive covenant contained in this Section 10, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease. Furthermore, if a court or arbitration panel determines that the Manager has breached any of the provisions of this Section 10, the Company's obligations to pay amounts and continue the benefits under this Agreement to the Manager (and his dependents) shall immediately terminate.

11. Set-Off Mitigation.

Except as provided in Section 6, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action which the Company may have against the Manager or others. In no event shall the Manager be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Manager under any of the provisions of this Agreement.

12. Arbitration: Costs and Expenses of Enforcement.

(a) Arbitration. Except as otherwise provided in Sections 10(d) and 13, any controversy or claim arising out of or relating to this Agreement or the breach thereof which cannot promptly be resolved by the parties shall be promptly submitted to and settled exclusively by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the laws of the Commonwealth of Pennsylvania by three arbitrators, one of whom shall be appointed by the Company, one by the Manager, and the third of whom shall be appointed by the first two arbitrators. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Section 12. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) Costs and Expenses. In the event that it shall be necessary or desirable for the Manager to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement at any time during his lifetime, the Company shall pay (or the Manager shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and costs and expenses in connection with the enforcement of his said rights (including those incurred in or related to any arbitration proceedings provided for in subsection (a) and the enforcement of any arbitration award in court), regardless of the final outcome.

13. Limitation on Payment Obligation.

(a) Definitions. For purposes of this Section 13, all terms capitalized but not otherwise defined herein shall have the meanings as set forth in Section 280G of the Code. In addition:

(i) the term "Parachute Payment" shall mean a payment described in Section 280G(b)(2)(A) or Section 280G(b)(2)(B) of the Code (including, but not limited to, any stock option rights, stock grants, and other cash and noncash compensation amounts that are treated as payments under either such section) and not excluded under Section 280G(b)(4)(A) or Section 280G(b)(6) of the Code;

(ii) the term "Reasonable Compensation" shall mean reasonable compensation for prior personal services as defined in Section 280G(b)(4)(B) of the Code and subject to the requirement that any such reasonable compensation must be established by clear and convincing evidence; and

(iii) the portion of the "Base Amount" and the amount of "Reasonable Compensation" allocable to any "Parachute Payment" shall be determined in accordance with Section 280G(b)(3) and (4) of the Code.

(b) Limitation. Notwithstanding any other provision of this Agreement, Parachute Payments to be made to or for the benefit of the Manager but for this subsection (b), whether pursuant to this Agreement or otherwise, shall be reduced if and to the extent necessary so that the aggregate Present Value of all such Parachute Payments shall be at least one dollar ($1.00) less than the greater of (i) three times the Manager's Base Amount and (ii) the aggregate Reasonable Compensation allocable to such Parachute Payments. Any reduction in Parachute Payments caused by reason of this subsection (b) shall be applied in the manner least economically detrimental to the Manager. In the event reduction of two or more types of payments would be economically equivalent, the reduction shall be applied pro-rata to such types of payments.

This subsection (b) shall be interpreted and applied to limit the amounts otherwise payable to the Manager under this Agreement or otherwise only to the extent required to avoid any material risk of the imposition of excise taxes on the Manager under Section 4999 of the Code or the disallowance of a deduction to the Company under Section 280G(a) of the Code. In the making of any such interpretation and application, the Manager shall be presumed to be a disqualified individual for purposes of applying the limitations set forth in this subsection (b)

without regard to whether or not the Manager meets the definition of disqualified individual set forth in Section 280G(c) of the Code. In the event that the Manager and the Company are unable to agree as to the application of this subsection (b), the Company's independent auditors shall select independent tax counsel to determine the amount of such limits. Such selection of tax counsel shall be subject to the Manager's consent, provided that the Manager shall not unreasonably withhold his consent. The determination of such tax counsel under this Section 13 shall be final and binding upon the Manager and the Company.

(c) Illegal Payments. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder to or for the benefit of the Manager if and to the extent that such payments are determined to be illegal.

14. Notices.

Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing, and if hand delivered or if sent by registered or certified mail, if to the Manager, at the last address he had filed in writing with the Company or if to the Company, at its principal executive offices. Notices, requests, etc. shall be effective when actually received by the addressee or at such address.

15. Withholding.

Notwithstanding any provision of this Agreement to the contrary, the Company may, to the extent required by law, withhold applicable Federal, state and local income and other taxes from any payments due to the Manager hereunder.

16. Assignment and Benefit.

(a) This Agreement is personal to the Manager and shall not be assignable by the Manager, by operation of law, or otherwise without the prior written consent of the Company otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Manager's heirs and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any subsidiary of the Company to which the Company may assign any of its rights hereunder; provided, however, that no assignment of this Agreement by the Company, by operation of law, or otherwise shall relieve it of its obligations hereunder except an assignment of this Agreement to, and its assumption by, a successor pursuant to subsection (c).

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, but, irrespective of any such assignment or assumption, this Agreement shall inure to the benefit of and be binding upon such a successor. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

17. Governing Law.

The provisions of this Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to principles of conflicts of laws.

18. Entire Agreement; Amendment.

(a) Except for the change in control provisions set forth in the Company's annual incentive plan and long term incentive plans, this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof. The Manager understands and acknowledges that the Company's severance plan, annual incentive plan and long term incentive plans are hereby amended with respect to the Manager to avoid duplication of benefits, as provided in Section 7.

(b) The Company reserves the right to unilaterally amend this Agreement without the consent of the Manager to the extent the Compensation/Management Development Committee of the Company's Board of Directors (in its sole discretion) determines is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Code; otherwise, this Agreement may not be altered or amended except by an agreement in writing executed by the Company and the Manager.

19. No Waiver.

The failure to insist upon strict compliance with any provision of this Agreement by any party shall not be deemed to be a waiver of any future noncompliance with such provision or of noncompliance with any other provision.

20. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

21. Indemnification.

The Company shall defend and hold the Manager harmless to the fullest extent permitted by applicable law in connection with any claim, action, suit, investigation or proceeding arising out of or relating to performance by the Manager of services for, or action of the Manager as a director, officer or employee of the Company or any parent, subsidiary or affiliate of the Company, or of any other person or enterprise at the Company's request. Expenses incurred by the Manager in defending such a claim, action, suit or investigation or criminal proceeding shall be paid by the Company in advance of the final disposition thereof upon the receipt by the

Company of an undertaking by or on behalf of the Manager to repay said amount unless it shall ultimately be determined that the Manager is entitled to be indemnified hereunder; provided, however, that this shall not apply to a nonderivative action commenced by the Company against the Manager.

IN WITNESS WHEREOF, the Manager has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

MANAGER

/s/ Joseph F. Matrange

QUAKER CHEMICAL CORPORATION

By: /s/ Michael F. Barry
Title: CEO & President

ATTEST:

/s/ Irene M. Kisleiko

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated November 19, 2008, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the “Company”), and Ronald S. Ettinger (the “Manager”),

W I T N E S S E T H   T H A T

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders that the Company and its subsidiaries be able to attract, retain, and motivate highly qualified management personnel and, in particular, that they be assured of continuity of management in the event of any actual or threatened change in control of the Company; and

WHEREAS, the Board of Directors of the Company believes that the execution by the Company of change in control agreements with certain management personnel, including the Manager, is an important factor in achieving this desired end;

NOW, THEREFORE, IN CONSIDERATION of the mutual obligations and agreements contained herein and intending to be legally bound hereby, the Manager and the Company agree that the Change in Control Agreement is amended and restated, as follows:

1. Term of Agreement.

This Agreement shall become effective on October 1, 2008 (the “Effective Date”), and shall continue in effect through December 31, 2009, provided, however, that the term of this Agreement shall automatically be extended for one additional year beyond December 31, 2009, and successive one-year periods thereafter, unless, not later than eighteen (18) months (nine (9) months with respect to the automatic extension that would otherwise begin on January 1, 2010) preceding the calendar year for which the term would otherwise automatically extend, the Company shall have given written notice to the Manager of intention not to extend this Agreement for an additional year, in which event this Agreement shall continue in effect until December 31 of the calendar year immediately preceding the calendar year for which the term would have otherwise automatically extended. Notwithstanding any such notice not to extend, if a Change in Control (as defined in Section 2) occurs during the original or extended term of this Agreement, this Agreement shall remain in effect after a Change in Control until all obligations of the parties hereto under this Agreement shall have been satisfied.

2. Change in Control.

As used in this Agreement, a "Change in Control" of the Company shall be deemed to have occurred if:

(a) 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 (i) the Company and/or its wholly owned subsidiaries; (ii) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) 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 (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is 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 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 determined by the members of the Board of Directors of the Company who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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;

(b) During any two-year period after the Effective Date, 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 (a) or (c)) 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;

(c) The consummation of (i) 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 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 voting shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; or (ii) 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

(d) The Company's shareholders or the Company's Board of Directors shall approve 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.

3. Entitlement to Change in Control Benefits; Certain Definitions.

The Manager shall be entitled to the benefits provided in this Agreement in the event the Manager has a Separation from Service under the circumstances described in (a) below (a "Covered Termination"), provided the Manager executes and does not revoke a Release (as defined below), if any, provided by the Company.

(a) A Covered Termination shall have occurred in the event the Manager's employment with the Company or its affiliates is terminated within two (2) years following a Change in Control by:

(i) The Company or its affiliates without Cause (as defined below); or

(ii) Resignation of the Manager for Good Reason (as defined below).

The Manager shall have no rights to any payments or benefits under this Agreement in the event the Manager's employment with the Company and its affiliates is terminated (i) as a result of death or Disability (as defined below), or (ii) by the Company or its affiliates for Cause. In the event the Manager's employment is terminated for any reason prior to a Change in Control, the Manager shall have no rights to any payments or benefits under this Agreement and, after any such termination, this Agreement shall be of no further force or effect.

"Cause" shall mean (i) the Manager's willful and material breach of the employment agreement, if any, between the Manager and the Company (after having received notice thereof and a reasonable opportunity to cure or correct), (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of the Manager's employment with the Company or its affiliates which is materially injurious to the Company, or (iii) conviction of or plea of guilty to a felony, such Cause to be determined, in each case, by a resolution approved by at least two-thirds of the Directors of the Company after having afforded the Manager a reasonable opportunity to appear before the Board of Directors of the Company and present his position.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with any applicable regulations thereunder.

"Disability" shall mean covered total and permanent disability as defined in the long-term disability plan maintained by the Company for employees generally or, if the Company does not maintain such a plan, the long-term disability plan most recently maintained by the Company for employees generally.

"Good Reason" shall mean any of the following actions without the Manager's consent, other than due to the Manager's death or Disability: (i) any reduction in the Manager's base salary from that provided immediately before the Covered Termination or, if higher, immediately before the Change in Control; (ii) any reduction in the Manager's bonus opportunity (including cash and noncash incentives) or increase in the goals or standards required to accrue that opportunity, as compared to the opportunity and goals or standards in effect immediately before

the Change in Control; (iii) a material adverse change in the nature or scope of the Manager's authorities, powers, functions, or duties from those in effect immediately before the Change in Control; (iv) a reduction in the Manager's benefits from those provided immediately before the Change in Control, disregarding any reduction under a plan or program covering employees generally that applies to all employees covered by the plan or program; or (v) the Manager being required to accept a primary employment location which is more than twenty-five (25) miles from the location at which he primarily was employed during the ninety (90) day period prior to a Change in Control.

"Payment Date" shall mean the 60th day after the Manager's Separation from Service, subject to Section 9.

"Release" shall mean a release (in a form satisfactory to the Company) of any and all claims against the Company and all related parties with respect to all matters arising out of the Manager's employment by the Company and its affiliates, or the termination thereof (other than claims for any entitlements under the terms of this Agreement, under any employment agreement between the Manager and the Company, or under any plans or programs of the Company under which the Manager has accrued a benefit) that the Company provides to the Manager no later than three days after the date of the Manager's Covered Termination. Notwithstanding any provision of this Agreement to the contrary, if the Company provides a Release to the Manager, the Manager shall not be entitled to any payments or benefits under this Agreement unless the Manager executes the Release within 45 days of the later of the date he receives the Release or the date of his Covered Termination, and the Manager does not revoke the Release.

"Separation from Service" shall mean the Manager's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

"Specified Employee" shall mean the Manager if he is a specified employee as defined in Section 409A of the Code as of the date of his Separation from Service.

4. Severance Allowance.

(a) Amount of Severance Allowance. In the event of a Covered Termination, the Company shall pay or cause to be paid to the Manager in cash a severance allowance (the "Severance Allowance") equal to 1 times the sum of the amounts determined in accordance with the following paragraphs (i) and (ii):

(i) An amount equivalent to the highest annualized base salary which the Manager was entitled to receive from the Company and its subsidiaries at any time during his employment prior to the Covered Termination; and

(ii) An amount equal to the average of the aggregate annual amounts paid to the Manager in the Applicable Three-Year Period under all applicable annual incentive compensation plans maintained by the Company and its affiliates (other than compensation relating to relocation expense; the grant, exercise, or settlement of stock options, restricted stock or

performance incentive units or the sale or other disposition of shares received upon exercise or settlement of such awards); provided, however, that (x) in determining the average amount paid under the annual incentive plan during the Applicable Three-Year Period there shall be excluded any year in which no amounts were paid to the Manager under that plan; and (y) there shall be excluded from such calculation any amounts paid to the Manager under any such incentive compensation plan as a result of the acceleration of such payments under such plan due to termination of the plan, a Change in Control, or a similar occurrence. The Applicable Three-Year Period shall be (A) if the Manager has received an annual incentive compensation plan payment in the calendar year of his Covered Termination, the calendar year in which such Covered Termination occurs and the two preceding calendar years, or (B) in any other case, the three calendar years preceding the calendar year in which the Manager's Covered Termination occurs; provided, however, that the Applicable Three-Year Period shall be determined by substituting " Change In Control" for "Covered Termination" if such substitution results in a higher amount under this subsection (ii).

In no event shall any retention bonus or change in control or success fee be taken into account when determining the amount of the Severance Allowance hereunder.

(b) Payment of Severance Allowance. The Severance Allowance shall be paid to the Manager in a lump sum on the Payment Date if the applicable Change in Control is also a change in control event as defined in Treas. Reg. §1.409A-3(i)(5) (or any successor thereto). In any other case, the Severance Allowance shall be paid in eighteen monthly installments commencing on the Payment Date, each of which is equal to one-eighteenth (1/18th) of the amount of the Severance Allowance determined under Section 4(a), which are treated as a right to a series of separate payments for purposes of Section 409A of the Code.

5. Outplacement and Welfare Benefits.

(a) Outplacement. Subject to Section 6, for a period of one year following a Covered Termination of the Manager, the Company shall make or cause to be made available to the Manager, at its expense, outplacement counseling and other outplacement services comparable to those available for the Company's senior managers prior to the Change in Control.

(b) Welfare Benefits. Subject to Section 6, for a period of 18 months following a Covered Termination of the Manager, the Manager and the Manager's dependents shall be entitled to participate in the Company's life, medical, and dental insurance plans at the Company's expense, in accordance with the terms of such plans at the time of such Covered Termination as if the Manager were still employed by the Company or its affiliates under this Agreement. If, however, life, medical, or dental insurance benefits are not paid or provided under any such plan to the Manager or his dependents because the Manager is no longer an employee of the Company or its subsidiaries, the Company itself shall, to the extent necessary, pay or otherwise provide for such benefits to the Manager and his dependents.

6. Effect of Other Employment.

In the event the Manager becomes employed (as defined below) during the period with respect to which benefits are continuing pursuant to Section 5: (a) the Manager shall notify the Company not later than the day such employment commences; and (b) the benefits provided for in Section 5 shall terminate as of the date of such employment. For the purposes of this Section 6, the Manager shall be deemed to have become "employed" by another entity or person only if the Manager becomes essentially a full-time employee of a person or an entity (not more than 30% of which is owned by the Manager and/or members of his family); and the Manager's "family" shall mean his parents, his siblings and their spouses, his children and their spouses, and the Manager's spouse and her parents and siblings. Nothing herein shall relieve the Company of its obligations for compensation or benefits accrued up to the time of termination provided for herein.

7. Other Payments and Benefits.

On the Payment Date, the Company shall pay or cause to be paid to the Manager the aggregate of: (a) the Manager's earned but unpaid base salary through the Covered Termination at the rate in effect on the date of the Covered Termination, or if higher, at the rate in effect at any time during the 90-day period preceding the Change in Control; (b) any unpaid bonus or annual incentive payable to the Manager in respect of the calendar year ending prior to the Covered Termination; (c) the pro rata portion of any and all unpaid bonuses and annual incentive awards for the calendar year in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between January 1 and the date of the Covered Termination, and the denominator of which is 365) of the target bonuses or annual incentive awards for such calendar year; and (d) the pro rata portion of any and all awards under the Company's long term incentive plan for the performance period(s) in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between the first day of the applicable performance period and the date of the Covered Termination, and the denominator of which is the total number of days in the applicable performance period) of the amount of the award which would have been payable had (i) the Covered Termination not occurred, and (ii) the target level of performance been achieved for the applicable performance period. The Manager shall be entitled to receive any other payments or benefits that the Manager is entitled to pursuant to the express terms of any compensation or benefit plan or arrangement of the Company or any of its affiliates; provided that: (x) the Severance Allowance (i) shall be in lieu of any severance payments to which the Manager might otherwise be entitled under the terms of any severance pay plan, policy, or arrangement maintained by the Company or the employment agreement, if any, between the Manager and the Company, and (ii) shall be credited against any severance payments to which the Manager may be entitled by statute; (y) any annual incentive described in subsection (b) or (c) shall decrease (or shall be decreased by), but not below zero, the amount of the annual incentive payable (or paid) with respect to the same calendar year under the Company's annual incentive plan (currently the 2001 Global Annual Incentive Plan); and (z) any amount described in subsection (d) shall decrease (or shall be decreased by), but not below zero, the amount of the analogous performance award payable (or paid) with respect to the same performance period(s) under the Company's long term incentive plan(s) (currently the 2006 Long-Term Performance Incentive Plan).

8. Death After Covered Termination.

In the event the Manager dies after a Covered Termination occurs, (a) any payments due to the Manager under Section 4 and the first sentence of Section 7 and not paid prior to the Manager's death shall be made to the person or persons who may be designated by the Manager in writing or, in the event he fails to so designate, to the Manager's personal representatives, and (b) the Manager's spouse and dependents shall be eligible for the welfare benefits described in Section 5(b). Payments pursuant to subsection (a) shall be made on the later of (i) the date payment would have been made to the Manager without regard to Section 9, or (ii) the date of the Manager's death.

9. Certain Section 409A Rules.

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if the Manager is a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is Separation from Service shall not be made or provided before the date that is six months after the date of the Manager's Separation from Service. Any payment or benefit that is delayed pursuant to this Section 9 shall be made or provided on the first business day of the seventh month following the month in which the Manager's Separation from Service occurs. With respect to any cash payment delayed pursuant to this Section 9, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Manager's Covered Termination (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 9 through the date payment is made. The provisions of this Section 9 shall apply only to the extent required to avoid the Manager's incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as practicable after the Manager requests such reimbursement (subject to Section 9(a)), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

10. Confidentiality and Noncompetition.

(a) Confidential Information. The Manager acknowledges that information concerning the method and conduct of the Company's (and any affiliate's) 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 the Company's (and any affiliate's) manuals, documents, notes, letters, records, and computer programs ("Proprietary Business Information"), are the sole and exclusive property of the Company (and/or the Company's affiliates, as the case may be) and are likely to constitute, contain or reveal trade secrets ("Trade Secrets") of the Company (and/or the Company's affiliate's, as the case may be). The term "Trade Secrets" as used herein does not include Proprietary Business Information that is known or becomes known to the public through no act or failure to act on the part of the Manager, or which can be clearly shown by written records to have been known by the Manager prior to the commencement of his employment with the Company.

(i) The Manager agrees that at no time during or following his employment with the Company will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets.

(ii) Upon termination of the Manager's employment with the Company regardless of the reason for the termination of the Manager's employment hereunder, or at any other time upon the Company's request, the Manager agrees to forthwith surrender to the Company any and all materials in his possession or control which constitute or contain any Proprietary Business Information.

(b) <u>Noncompetition</u>. The Manager agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of the Manager's employment, he will not:

(i) 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 specialty chemical products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by the Company (or any of its affiliates);

(ii) directly or indirectly recruit, solicit or encourage any employee of the Company (or any of its affiliates) or otherwise induce such employee to leave the employ of the Company (or any of its affiliates) or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; or

(iii) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for the Company), any then or former customer, supplier, or client of the Company with the intent of actively engaging in business which would cause competitive harm to the Company (or any of its affiliates).

(c) Severability. The Manager acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby.

(d) Remedies. The Manager agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in this Section 10, the Company may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, the Company shall be entitled to seek equitable remedies, including injunctive relief in any court of applicable jurisdiction notwithstanding the provisions of Section 12. In the event of any breach of the restrictive covenant contained in this Section 10, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease. Furthermore, if a court or arbitration panel determines that the Manager has breached any of the provisions of this Section 10, the Company's obligations to pay amounts and continue the benefits under this Agreement to the Manager (and his dependents) shall immediately terminate.

11. Set-Off Mitigation.

Except as provided in Section 6, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action which the Company may have against the Manager or others. In no event shall the Manager be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Manager under any of the provisions of this Agreement.

12. Arbitration: Costs and Expenses of Enforcement.

(a) Arbitration. Except as otherwise provided in Sections 10(d) and 13, any controversy or claim arising out of or relating to this Agreement or the breach thereof which cannot promptly be resolved by the parties shall be promptly submitted to and settled exclusively by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the laws of the Commonwealth of Pennsylvania by three arbitrators, one of whom shall be appointed by the Company, one by the Manager, and the third of whom shall be appointed by the first two arbitrators. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Section 12. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) Costs and Expenses. In the event that it shall be necessary or desirable for the Manager to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement at any time during his lifetime, the Company shall pay (or the Manager shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and costs and expenses in connection with the enforcement of his said rights (including those incurred in or related to any arbitration proceedings provided for in subsection (a) and the enforcement of any arbitration award in court), regardless of the final outcome.

13. Limitation on Payment Obligation.

(a) Definitions. For purposes of this Section 13, all terms capitalized but not otherwise defined herein shall have the meanings as set forth in Section 280G of the Code. In addition:

(i) the term “Parachute Payment” shall mean a payment described in Section 280G(b)(2)(A) or Section 280G(b)(2)(B) of the Code (including, but not limited to, any stock option rights, stock grants, and other cash and noncash compensation amounts that are treated as payments under either such section) and not excluded under Section 280G(b)(4)(A) or Section 280G(b)(6) of the Code;

(ii) the term “Reasonable Compensation” shall mean reasonable compensation for prior personal services as defined in Section 280G(b)(4)(B) of the Code and subject to the requirement that any such reasonable compensation must be established by clear and convincing evidence; and

(iii) the portion of the “Base Amount” and the amount of “Reasonable Compensation” allocable to any “Parachute Payment” shall be determined in accordance with Section 280G(b)(3) and (4) of the Code.

(b) Limitation. Notwithstanding any other provision of this Agreement, Parachute Payments to be made to or for the benefit of the Manager but for this subsection (b), whether pursuant to this Agreement or otherwise, shall be reduced if and to the extent necessary so that the aggregate Present Value of all such Parachute Payments shall be at least one dollar ($1.00) less than the greater of (i) three times the Manager’s Base Amount and (ii) the aggregate Reasonable Compensation allocable to such Parachute Payments. Any reduction in Parachute Payments caused by reason of this subsection (b) shall be applied in the manner least economically detrimental to the Manager. In the event reduction of two or more types of payments would be economically equivalent, the reduction shall be applied pro-rata to such types of payments.

This subsection (b) shall be interpreted and applied to limit the amounts otherwise payable to the Manager under this Agreement or otherwise only to the extent required to avoid any material risk of the imposition of excise taxes on the Manager under Section 4999 of the Code or the disallowance of a deduction to the Company under Section 280G(a) of the Code. In the making of any such interpretation and application, the Manager shall be presumed to be a disqualified individual for purposes of applying the limitations set forth in this subsection (b) without regard to whether or not the Manager meets the definition of disqualified individual set forth in Section 280G(c) of the Code. In the event that the Manager and the Company are unable to agree as to the application of this subsection (b), the Company’s independent auditors shall select independent tax counsel to determine the amount of such limits. Such selection of tax counsel shall be subject to the Manager’s consent, provided that the Manager shall not unreasonably withhold his consent. The determination of such tax counsel under this Section 13 shall be final and binding upon the Manager and the Company.

(c) <u>Illegal Payments</u>. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder to or for the benefit of the Manager if and to the extent that such payments are determined to be illegal.

14. <u>Notices</u>.

Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing, and if hand delivered or if sent by registered or certified mail, if to the Manager, at the last address he had filed in writing with the Company or if to the Company, at its principal executive offices. Notices, requests, etc. shall be effective when actually received by the addressee or at such address.

15. <u>Withholding</u>.

Notwithstanding any provision of this Agreement to the contrary, the Company may, to the extent required by law, withhold applicable Federal, state and local income and other taxes from any payments due to the Manager hereunder.

16. <u>Assignment and Benefit</u>.

(a) This Agreement is personal to the Manager and shall not be assignable by the Manager, by operation of law, or otherwise without the prior written consent of the Company otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Manager's heirs and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any subsidiary of the Company to which the Company may assign any of its rights hereunder; provided, however, that no assignment of this Agreement by the Company, by operation of law, or otherwise shall relieve it of its obligations hereunder except an assignment of this Agreement to, and its assumption by, a successor pursuant to subsection (c).

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, but, irrespective of any such assignment or assumption, this Agreement shall inure to the benefit of and be binding upon such a successor. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

17. <u>Governing Law</u>.

The provisions of this Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to principles of conflicts of laws.

18. Entire Agreement; Amendment.

(a) Except for the change in control provisions set forth in the Company's annual incentive plan and long term incentive plans, this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof. The Manager understands and acknowledges that the Company's severance plan, annual incentive plan and long term incentive plans are hereby amended with respect to the Manager to avoid duplication of benefits, as provided in Section 7.

(b) The Company reserves the right to unilaterally amend this Agreement without the consent of the Manager to the extent the Compensation/Management Development Committee of the Company's Board of Directors (in its sole discretion) determines is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Code; otherwise, this Agreement may not be altered or amended except by an agreement in writing executed by the Company and the Manager.

19. No Waiver.

The failure to insist upon strict compliance with any provision of this Agreement by any party shall not be deemed to be a waiver of any future noncompliance with such provision or of noncompliance with any other provision.

20. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

21. Indemnification.

The Company shall defend and hold the Manager harmless to the fullest extent permitted by applicable law in connection with any claim, action, suit, investigation or proceeding arising out of or relating to performance by the Manager of services for, or action of the Manager as a director, officer or employee of the Company or any parent, subsidiary or affiliate of the Company, or of any other person or enterprise at the Company's request. Expenses incurred by the Manager in defending such a claim, action, suit or investigation or criminal proceeding shall be paid by the Company in advance of the final disposition thereof upon the receipt by the

Company of an undertaking by or on behalf of the Manager to repay said amount unless it shall ultimately be determined that the Manager is entitled to be indemnified hereunder; provided, however, that this shall not apply to a nonderivative action commenced by the Company against the Manager.

IN WITNESS WHEREOF, the Manager has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

MANAGER

/s/ Ronald S. Ettinger

QUAKER CHEMICAL CORPORATION

By: /s/ Michael F. Barry
Title: CEO & President

ATTEST:

/s/ Irene M. Kisleiko

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated November 19, 2008, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the "Company"), and George H. Hill (the "Manager"),

W I T N E S S E T H T H A T

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders that the Company and its subsidiaries be able to attract, retain, and motivate highly qualified management personnel and, in particular, that they be assured of continuity of management in the event of any actual or threatened change in control of the Company; and

WHEREAS, the Board of Directors of the Company believes that the execution by the Company of change in control agreements with certain management personnel, including the Manager, is an important factor in achieving this desired end;

NOW, THEREFORE, IN CONSIDERATION of the mutual obligations and agreements contained herein and intending to be legally bound hereby, the Manager and the Company agree that the Change in Control Agreement is amended and restated, as follows:

1. Term of Agreement.

This Agreement shall become effective on October 1, 2008 (the "Effective Date"), and shall continue in effect through December 31, 2009, provided, however, that the term of this Agreement shall automatically be extended for one additional year beyond December 31, 2009, and successive one-year periods thereafter, unless, not later than eighteen (18) months (nine (9) months with respect to the automatic extension that would otherwise begin on January 1, 2010) preceding the calendar year for which the term would otherwise automatically extend, the Company shall have given written notice to the Manager of intention not to extend this Agreement for an additional year, in which event this Agreement shall continue in effect until December 31 of the calendar year immediately preceding the calendar year for which the term would have otherwise automatically extended. Notwithstanding any such notice not to extend, if a Change in Control (as defined in Section 2) occurs during the original or extended term of this Agreement, this Agreement shall remain in effect after a Change in Control until all obligations of the parties hereto under this Agreement shall have been satisfied.

2. **<u>Change in Control</u>.**

As used in this Agreement, a "Change in Control" of the Company shall be deemed to have occurred if:

(a) 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 (i) the Company and/or its wholly owned subsidiaries; (ii) any ESOP or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) 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 (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is 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 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 determined by the members of the Board of Directors of the Company who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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;

(b) During any two-year period after the Effective Date, 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 (a) or (c)) 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;

(c) The consummation of (i) 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 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 voting shares of the surviving corporation immediately after the merger as they had in the Common Shares immediately before; or (ii) 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

(d) The Company's shareholders or the Company's Board of Directors shall approve 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.

3. Entitlement to Change in Control Benefits; Certain Definitions.

The Manager shall be entitled to the benefits provided in this Agreement in the event the Manager has a Separation from Service under the circumstances described in (a) below (a "Covered Termination"), provided the Manager executes and does not revoke a Release (as defined below), if any, provided by the Company.

(a) A Covered Termination shall have occurred in the event the Manager's employment with the Company or its affiliates is terminated within two (2) years following a Change in Control by:

(i) The Company or its affiliates without Cause (as defined below); or

(ii) Resignation of the Manager for Good Reason (as defined below).

The Manager shall have no rights to any payments or benefits under this Agreement in the event the Manager's employment with the Company and its affiliates is terminated (i) as a result of death or Disability (as defined below), or (ii) by the Company or its affiliates for Cause. In the event the Manager's employment is terminated for any reason prior to a Change in Control, the Manager shall have no rights to any payments or benefits under this Agreement and, after any such termination, this Agreement shall be of no further force or effect.

"Cause" shall mean (i) the Manager's willful and material breach of the employment agreement, if any, between the Manager and the Company (after having received notice thereof and a reasonable opportunity to cure or correct), (ii) dishonesty, fraud, willful malfeasance, gross negligence, or other gross misconduct, in each case relating to the performance of the Manager's employment with the Company or its affiliates which is materially injurious to the Company, or (iii) conviction of or plea of guilty to a felony, such Cause to be determined, in each case, by a resolution approved by at least two-thirds of the Directors of the Company after having afforded the Manager a reasonable opportunity to appear before the Board of Directors of the Company and present his position.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with any applicable regulations thereunder.

"Disability" shall mean covered total and permanent disability as defined in the long-term disability plan maintained by the Company for employees generally or, if the Company does not maintain such a plan, the long-term disability plan most recently maintained by the Company for employees generally.

"Good Reason" shall mean any of the following actions without the Manager's consent, other than due to the Manager's death or Disability: (i) any reduction in the Manager's base salary from that provided immediately before the Covered Termination or, if higher, immediately before the Change in Control; (ii) any reduction in the Manager's bonus opportunity (including cash and noncash incentives) or increase in the goals or standards required to accrue that opportunity, as compared to the opportunity and goals or standards in effect immediately before

the Change in Control; (iii) a material adverse change in the nature or scope of the Manager's authorities, powers, functions, or duties from those in effect immediately before the Change in Control; (iv) a reduction in the Manager's benefits from those provided immediately before the Change in Control, disregarding any reduction under a plan or program covering employees generally that applies to all employees covered by the plan or program; or (v) the Manager being required to accept a primary employment location which is more than twenty-five (25) miles from the location at which he primarily was employed during the ninety (90) day period prior to a Change in Control.

"Payment Date" shall mean the 60th day after the Manager's Separation from Service, subject to Section 9.

"Release" shall mean a release (in a form satisfactory to the Company) of any and all claims against the Company and all related parties with respect to all matters arising out of the Manager's employment by the Company and its affiliates, or the termination thereof (other than claims for any entitlements under the terms of this Agreement, under any employment agreement between the Manager and the Company, or under any plans or programs of the Company under which the Manager has accrued a benefit) that the Company provides to the Manager no later than three days after the date of the Manager's Covered Termination. Notwithstanding any provision of this Agreement to the contrary, if the Company provides a Release to the Manager, the Manager shall not be entitled to any payments or benefits under this Agreement unless the Manager executes the Release within 45 days of the later of the date he receives the Release or the date of his Covered Termination, and the Manager does not revoke the Release.

"Separation from Service" shall mean the Manager's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

"Specified Employee" shall mean the Manager if he is a specified employee as defined in Section 409A of the Code as of the date of his Separation from Service.

4. Severance Allowance.

(a) Amount of Severance Allowance. In the event of a Covered Termination, the Company shall pay or cause to be paid to the Manager in cash a severance allowance (the "Severance Allowance") equal to 1 times the sum of the amounts determined in accordance with the following paragraphs (i) and (ii):

(i) An amount equivalent to the highest annualized base salary which the Manager was entitled to receive from the Company and its subsidiaries at any time during his employment prior to the Covered Termination; and

(ii) An amount equal to the average of the aggregate annual amounts paid to the Manager in the Applicable Three-Year Period under all applicable annual incentive compensation plans maintained by the Company and its affiliates (other than compensation relating to relocation expense; the grant, exercise, or settlement of stock options, restricted stock or

performance incentive units or the sale or other disposition of shares received upon exercise or settlement of such awards); provided, however, that (x) in determining the average amount paid under the annual incentive plan during the Applicable Three-Year Period there shall be excluded any year in which no amounts were paid to the Manager under that plan; and (y) there shall be excluded from such calculation any amounts paid to the Manager under any such incentive compensation plan as a result of the acceleration of such payments under such plan due to termination of the plan, a Change in Control, or a similar occurrence. The Applicable Three-Year Period shall be (A) if the Manager has received an annual incentive compensation plan payment in the calendar year of his Covered Termination, the calendar year in which such Covered Termination occurs and the two preceding calendar years, or (B) in any other case, the three calendar years preceding the calendar year in which the Manager's Covered Termination occurs; provided, however, that the Applicable Three-Year Period shall be determined by substituting " Change In Control" for "Covered Termination" if such substitution results in a higher amount under this subsection (ii).

In no event shall any retention bonus or change in control or success fee be taken into account when determining the amount of the Severance Allowance hereunder.

(b) Payment of Severance Allowance. The Severance Allowance shall be paid to the Manager in a lump sum on the Payment Date if the applicable Change in Control is also a change in control event as defined in Treas. Reg. §1.409A-3(i)(5) (or any successor thereto). In any other case, the Severance Allowance shall be paid in eighteen monthly installments commencing on the Payment Date, each of which is equal to one-eighteenth (1/18th) of the amount of the Severance Allowance determined under Section 4(a), which are treated as a right to a series of separate payments for purposes of Section 409A of the Code.

5. Outplacement and Welfare Benefits.

(a) Outplacement. Subject to Section 6, for a period of one year following a Covered Termination of the Manager, the Company shall make or cause to be made available to the Manager, at its expense, outplacement counseling and other outplacement services comparable to those available for the Company's senior managers prior to the Change in Control.

(b) Welfare Benefits. Subject to Section 6, for a period of 18 months following a Covered Termination of the Manager, the Manager and the Manager's dependents shall be entitled to participate in the Company's life, medical, and dental insurance plans at the Company's expense, in accordance with the terms of such plans at the time of such Covered Termination as if the Manager were still employed by the Company or its affiliates under this Agreement. If, however, life, medical, or dental insurance benefits are not paid or provided under any such plan to the Manager or his dependents because the Manager is no longer an employee of the Company or its subsidiaries, the Company itself shall, to the extent necessary, pay or otherwise provide for such benefits to the Manager and his dependents.

6. <u>Effect of Other Employment</u>.

In the event the Manager becomes employed (as defined below) during the period with respect to which benefits are continuing pursuant to Section 5: (a) the Manager shall notify the Company not later than the day such employment commences; and (b) the benefits provided for in Section 5 shall terminate as of the date of such employment. For the purposes of this Section 6, the Manager shall be deemed to have become “employed” by another entity or person only if the Manager becomes essentially a full-time employee of a person or an entity (not more than 30% of which is owned by the Manager and/or members of his family); and the Manager’s “family” shall mean his parents, his siblings and their spouses, his children and their spouses, and the Manager’s spouse and her parents and siblings. Nothing herein shall relieve the Company of its obligations for compensation or benefits accrued up to the time of termination provided for herein.

7. <u>Other Payments and Benefits</u>.

On the Payment Date, the Company shall pay or cause to be paid to the Manager the aggregate of: (a) the Manager’s earned but unpaid base salary through the Covered Termination at the rate in effect on the date of the Covered Termination, or if higher, at the rate in effect at any time during the 90-day period preceding the Change in Control; (b) any unpaid bonus or annual incentive payable to the Manager in respect of the calendar year ending prior to the Covered Termination; (c) the pro rata portion of any and all unpaid bonuses and annual incentive awards for the calendar year in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between January 1 and the date of the Covered Termination, and the denominator of which is 365) of the target bonuses or annual incentive awards for such calendar year; and (d) the pro rata portion of any and all awards under the Company’s long term incentive plan for the performance period(s) in which the Covered Termination occurs, said pro rata portion to be calculated on the fractional portion (the numerator of said fraction being the number of days between the first day of the applicable performance period and the date of the Covered Termination, and the denominator of which is the total number of days in the applicable performance period) of the amount of the award which would have been payable had (i) the Covered Termination not occurred, and (ii) the target level of performance been achieved for the applicable performance period. The Manager shall be entitled to receive any other payments or benefits that the Manager is entitled to pursuant to the express terms of any compensation or benefit plan or arrangement of the Company or any of its affiliates; provided that: (x) the Severance Allowance (i) shall be in lieu of any severance payments to which the Manager might otherwise be entitled under the terms of any severance pay plan, policy, or arrangement maintained by the Company or the employment agreement, if any, between the Manager and the Company, and (ii) shall be credited against any severance payments to which the Manager may be entitled by statute; (y) any annual incentive described in subsection (b) or (c) shall decrease (or shall be decreased by), but not below zero, the amount of the annual incentive payable (or paid) with respect to the same calendar year under the Company’s annual incentive plan (currently the 2001 Global Annual Incentive Plan); and (z) any amount described in subsection (d) shall decrease (or shall be decreased by), but not below zero, the amount of the analogous performance award payable (or paid) with respect to the same performance period(s) under the Company’s long term incentive plan(s) (currently the 2006 Long-Term Performance Incentive Plan).

8. Death After Covered Termination.

In the event the Manager dies after a Covered Termination occurs, (a) any payments due to the Manager under Section 4 and the first sentence of Section 7 and not paid prior to the Manager's death shall be made to the person or persons who may be designated by the Manager in writing or, in the event he fails to so designate, to the Manager's personal representatives, and (b) the Manager's spouse and dependents shall be eligible for the welfare benefits described in Section 5(b). Payments pursuant to subsection (a) shall be made on the later of (i) the date payment would have been made to the Manager without regard to Section 9, or (ii) the date of the Manager's death.

9. Certain Section 409A Rules.

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if the Manager is a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is Separation from Service shall not be made or provided before the date that is six months after the date of the Manager's Separation from Service. Any payment or benefit that is delayed pursuant to this Section 9 shall be made or provided on the first business day of the seventh month following the month in which the Manager's Separation from Service occurs. With respect to any cash payment delayed pursuant to this Section 9, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Manager's Covered Termination (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 9 through the date payment is made. The provisions of this Section 9 shall apply only to the extent required to avoid the Manager's incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as practicable after the Manager requests such reimbursement (subject to Section 9(a)), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

10. Confidentiality and Noncompetition.

(a) Confidential Information. The Manager acknowledges that information concerning the method and conduct of the Company's (and any affiliate's) 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 the Company's (and any affiliate's) manuals, documents, notes, letters, records, and computer programs ("Proprietary Business Information"), are the sole and exclusive property of the Company (and/or the Company's affiliates, as the case may be) and are likely to constitute, contain or reveal trade secrets ("Trade Secrets") of the Company (and/or the Company's affiliate's, as the case may be). The term "Trade Secrets" as used herein does not include Proprietary Business Information that is known or becomes known to the public through no act or failure to act on the part of the Manager, or which can be clearly shown by written records to have been known by the Manager prior to the commencement of his employment with the Company.

(i) The Manager agrees that at no time during or following his employment with the Company will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets.

(ii) Upon termination of the Manager's employment with the Company regardless of the reason for the termination of the Manager's employment hereunder, or at any other time upon the Company's request, the Manager agrees to forthwith surrender to the Company any and all materials in his possession or control which constitute or contain any Proprietary Business Information.

(b) Noncompetition. The Manager agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of the Manager's employment, he will not:

(i) 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 specialty chemical products or chemical management services which are the same, like, similar to, or which compete with the products and services offered by the Company (or any of its affiliates);

(ii) directly or indirectly recruit, solicit or encourage any employee of the Company (or any of its affiliates) or otherwise induce such employee to leave the employ of the Company (or any of its affiliates) or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; or

(iii) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for the Company), any then or former customer, supplier, or client of the Company with the intent of actively engaging in business which would cause competitive harm to the Company (or any of its affiliates).

(c) Severability. The Manager acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby.

(d) Remedies. The Manager agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in this Section 10, the Company may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, the Company shall be entitled to seek equitable remedies, including injunctive relief in any court of applicable jurisdiction notwithstanding the provisions of Section 12. In the event of any breach of the restrictive covenant contained in this Section 10, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease. Furthermore, if a court or arbitration panel determines that the Manager has breached any of the provisions of this Section 10, the Company's obligations to pay amounts and continue the benefits under this Agreement to the Manager (and his dependents) shall immediately terminate.

11. Set-Off Mitigation.

Except as provided in Section 6, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action which the Company may have against the Manager or others. In no event shall the Manager be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Manager under any of the provisions of this Agreement.

12. Arbitration: Costs and Expenses of Enforcement.

(a) Arbitration. Except as otherwise provided in Sections 10(d) and 13, any controversy or claim arising out of or relating to this Agreement or the breach thereof which cannot promptly be resolved by the parties shall be promptly submitted to and settled exclusively by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the laws of the Commonwealth of Pennsylvania by three arbitrators, one of whom shall be appointed by the Company, one by the Manager, and the third of whom shall be appointed by the first two arbitrators. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Section 12. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(b) Costs and Expenses. In the event that it shall be necessary or desirable for the Manager to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement at any time during his lifetime, the Company shall pay (or the Manager shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and costs and expenses in connection with the enforcement of his said rights (including those incurred in or related to any arbitration proceedings provided for in subsection (a) and the enforcement of any arbitration award in court), regardless of the final outcome.

13. Limitation on Payment Obligation.

(a) Definitions. For purposes of this Section 13, all terms capitalized but not otherwise defined herein shall have the meanings as set forth in Section 280G of the Code. In addition:

(i) the term "Parachute Payment" shall mean a payment described in Section 280G(b)(2)(A) or Section 280G(b)(2)(B) of the Code (including, but not limited to, any stock option rights, stock grants, and other cash and noncash compensation amounts that are treated as payments under either such section) and not excluded under Section 280G(b)(4)(A) or Section 280G(b)(6) of the Code;

(ii) the term "Reasonable Compensation" shall mean reasonable compensation for prior personal services as defined in Section 280G(b)(4)(B) of the Code and subject to the requirement that any such reasonable compensation must be established by clear and convincing evidence; and

(iii) the portion of the "Base Amount" and the amount of "Reasonable Compensation" allocable to any "Parachute Payment" shall be determined in accordance with Section 280G(b)(3) and (4) of the Code.

(b) Limitation. Notwithstanding any other provision of this Agreement, Parachute Payments to be made to or for the benefit of the Manager but for this subsection (b), whether pursuant to this Agreement or otherwise, shall be reduced if and to the extent necessary so that the aggregate Present Value of all such Parachute Payments shall be at least one dollar ($1.00) less than the greater of (i) three times the Manager's Base Amount and (ii) the aggregate Reasonable Compensation allocable to such Parachute Payments. Any reduction in Parachute Payments caused by reason of this subsection (b) shall be applied in the manner least economically detrimental to the Manager. In the event reduction of two or more types of payments would be economically equivalent, the reduction shall be applied pro-rata to such types of payments.

This subsection (b) shall be interpreted and applied to limit the amounts otherwise payable to the Manager under this Agreement or otherwise only to the extent required to avoid any material risk of the imposition of excise taxes on the Manager under Section 4999 of the Code or the disallowance of a deduction to the Company under Section 280G(a) of the Code. In the making of any such interpretation and application, the Manager shall be presumed to be a disqualified individual for purposes of applying the limitations set forth in this subsection (b)

without regard to whether or not the Manager meets the definition of disqualified individual set forth in Section 280G(c) of the Code. In the event that the Manager and the Company are unable to agree as to the application of this subsection (b), the Company's independent auditors shall select independent tax counsel to determine the amount of such limits. Such selection of tax counsel shall be subject to the Manager's consent, provided that the Manager shall not unreasonably withhold his consent. The determination of such tax counsel under this Section 13 shall be final and binding upon the Manager and the Company.

(c) Illegal Payments. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder to or for the benefit of the Manager if and to the extent that such payments are determined to be illegal.

14. Notices.

Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing, and if hand delivered or if sent by registered or certified mail, if to the Manager, at the last address he had filed in writing with the Company or if to the Company, at its principal executive offices. Notices, requests, etc. shall be effective when actually received by the addressee or at such address.

15. Withholding.

Notwithstanding any provision of this Agreement to the contrary, the Company may, to the extent required by law, withhold applicable Federal, state and local income and other taxes from any payments due to the Manager hereunder.

16. Assignment and Benefit.

(a) This Agreement is personal to the Manager and shall not be assignable by the Manager, by operation of law, or otherwise without the prior written consent of the Company otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Manager's heirs and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any subsidiary of the Company to which the Company may assign any of its rights hereunder; provided, however, that no assignment of this Agreement by the Company, by operation of law, or otherwise shall relieve it of its obligations hereunder except an assignment of this Agreement to, and its assumption by, a successor pursuant to subsection (c).

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, but, irrespective of any such assignment or assumption, this Agreement shall inure to the benefit of and be binding upon such a successor. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

17. Governing Law.

The provisions of this Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to principles of conflicts of laws.

18. Entire Agreement; Amendment.

(a) Except for the change in control provisions set forth in the Company's annual incentive plan and long term incentive plans, this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof. The Manager understands and acknowledges that the Company's severance plan, annual incentive plan and long term incentive plans are hereby amended with respect to the Manager to avoid duplication of benefits, as provided in Section 7.

(b) The Company reserves the right to unilaterally amend this Agreement without the consent of the Manager to the extent the Compensation/Management Development Committee of the Company's Board of Directors (in its sole discretion) determines is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Code; otherwise, this Agreement may not be altered or amended except by an agreement in writing executed by the Company and the Manager.

19. No Waiver.

The failure to insist upon strict compliance with any provision of this Agreement by any party shall not be deemed to be a waiver of any future noncompliance with such provision or of noncompliance with any other provision.

20. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

21. Indemnification.

The Company shall defend and hold the Manager harmless to the fullest extent permitted by applicable law in connection with any claim, action, suit, investigation or proceeding arising out of or relating to performance by the Manager of services for, or action of the Manager as a director, officer or employee of the Company or any parent, subsidiary or affiliate of the Company, or of any other person or enterprise at the Company's request. Expenses incurred by the Manager in defending such a claim, action, suit or investigation or criminal proceeding shall be paid by the Company in advance of the final disposition thereof upon the receipt by the

Company of an undertaking by or on behalf of the Manager to repay said amount unless it shall ultimately be determined that the Manager is entitled to be indemnified hereunder; provided, however, that this shall not apply to a nonderivative action commenced by the Company against the Manager.

IN WITNESS WHEREOF, the Manager has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

MANAGER

/s/ George H. Hill

QUAKER CHEMICAL CORPORATION

By: /s/ Michael F. Barry
Title: CEO & President

ATTEST:

/s/ Irene M. Kisleiko

Exhibit 10.58

QUAKER CHEMICAL CORPORATION

SUPPLEMENTAL RETIREMENT INCOME PROGRAM

(As Amended and Restated Effective January 1, 2008)

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QUAKER CHEMICAL CORPORATION
SUPPLEMENTAL RETIREMENT INCOME PROGRAM
(As Amended and Restated Effective January 1, 2008)

WHEREAS, Quaker Chemical Corporation ("Quaker") maintains the Quaker Chemical Corporation Supplemental Retirement Income Program (the "Plan"); and

WHEREAS, Quaker desires to amend the Plan to comply with final regulations issued under §409A of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, effective January 1, 2008, Quaker hereby amends and restates the Quaker Chemical Corporation Supplemental Retirement Income Program to read as follows:

ARTICLE I
PURPOSE AND APPLICATION

This Plan is maintained for the purpose of providing deferred compensation to certain key employees of the Company on a nonqualified basis to help ensure that the Company provides a competitive level of benefits in order to attract, retain, and motivate such individuals. This Plan is to be unfunded and is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of §201(2), §301(a)(3), and §401(a)(1) of ERISA.

ARTICLE II
DEFINITIONS

The following words and phrases, as used herein, shall have the following meanings unless otherwise expressly provided.

§2.1 "Accrued Benefit" means the amount determined under §5.1.

§2.2 "Actuarial Equivalent" means a benefit of equivalent value to another benefit otherwise payable in a different form and/or at a different time, computed on the basis of (a) the "applicable interest rate" within the meaning of Code §417(e)(3)(C) (or any successor thereto) for the October immediately preceding the Plan Year in which such determination is made, and (b) the "applicable mortality table" within the meaning of Code §417(e)(3)(B) (or any successor thereto).

§2.3 "Average Annual Compensation" means the sum of an employee's Compensation in each of the three calendar years (consecutive or nonconsecutive) during the last 10 calendar years in which he received Compensation for which such sum is highest, divided by three. If an employee received Compensation for fewer than three full calendar years, then the average shall be calculated over the lesser number of full calendar years.

§2.4 “Beneficiary” means (a) the person or persons designated by the Participant in a writing filed by the Participant with the Quaker human resources department in accordance with procedures established by the Committee, or (b) if the Participant fails to so designate a beneficiary or the designated beneficiary predeceases the Participant, the Participant’s surviving spouse or Domestic Partner, or if the Participant has no surviving spouse or Domestic Partner, the Participant’s estate.

§2.5 “Board” means the Board of Directors of Quaker.

§2.6 “Change in Control” means the date on which any of the following events occur:

(a) 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 (i) Quaker and/or its wholly owned subsidiaries; (ii) any “employee stock ownership plan” (as that term is defined in Code §4975(e)(7)) or other employee benefit plan of the Company and any trustee or other fiduciary in such capacity holding securities under such plan; (iii) any corporation owned, directly or indirectly, by the shareholders of Quaker in substantially the same proportions as their ownership of stock of Quaker; or (iv) any other Person who, within the one year prior to the event which would otherwise be a Change in Control, is an executive officer of Quaker or any group of Persons of which he or 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 Quaker representing 30% or more of the combined voting power of Quaker’s then outstanding securities or such lesser percentage of voting power, but not less than 15%, as determined by the members of the Board who are independent directors (as defined in the New York Stock Exchange, Inc. Listed Company Manual); provided, however, that a Change in Control shall not be deemed to have occurred under the provisions of this subsection (a) 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 then outstanding securities;

(b) During any two-year period after the effective date of the amended and restated Plan, directors of Quaker 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 Quaker to effect a transaction within the purview of subsections (a) or (c)) whose election by the Board or whose nomination for election by Quaker’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;

(c) The consummation of (i) any consolidation or merger of Quaker in which Quaker is not the continuing or surviving corporation or pursuant to which Quaker’s common stock would be converted into cash, securities, and/or other property, other than a merger of Quaker in which holders of common stock immediately prior to the merger have the same proportionate ownership of voting securities of the surviving corporation immediately after the merger as they had in the common stock immediately before; or (ii) 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 Quaker; or

(d) Quaker's shareholders or the Board shall approve the liquidation or dissolution of Quaker.

As used in this Section, "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.

§2.7 "Code" means the Internal Revenue Code of 1986, as amended. A reference to a section of the Code shall also be deemed to refer to the regulations under such section.

§2.8 "Committee" means the Compensation/Management Development Committee of the Board, or any other committee appointed by the Board to administer the Plan.

§2.9 "Company" means Quaker and any affiliate of Quaker which has adopted the Plan with the approval of the Board.

§2.10 "Compensation" means, for any year, the sum of (a) the employee's base salary paid by the Company in such year, plus (b) the annual cash and stock bonuses (if any) paid to the employee in such year under the Quaker Chemical Corporation 2001 Global Annual Incentive Plan (or any successor thereto providing annual bonuses) and any annual discretionary bonus paid to the employee in such year, such amounts determined prior to any applicable withholdings.

§2.11 "Disability" or "Disabled" means (a) the Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, as determined by the Committee in its sole discretion, or (b) the Participant's receipt, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, of income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer.

§2.12 "Domestic Partner" means, with respect to a Participant, a person:

(a) Who is at least 18 years old and legally competent to enter binding contracts;

(b) To whom the Participant is not married;

(c) To whom the Participant is not related by blood or adoption so closely that a legal marriage between them would be prohibited for that reason in the state where they live;

(d) With whom the Participant:

(i) Shares a residence;

(ii) Shares an intimate and committed relationship of mutual caring and intends to do so indefinitely; and

(iii) Has agreed to be jointly responsible for each other's basic living expenses; and

(e) Who, together with the Participant, has signed in the presence of a notary public, and filed with the Quaker human resources department, an affidavit of domestic partnership in a form approved by the Committee.

In addition, neither the Participant nor the Domestic Partner may be married to anyone or have another Domestic Partner (determined without regard to this sentence).

§2.13 "Early Retirement Date" means the date as of which the Participant has attained age 62 and completed 10 Years of Service.

§2.14 "Eligible Employee" means an employee of the Company who is:

(a) Paid from a payroll maintained within the United States of America;

(b) A member of a select group of management or highly compensated employees, within the meaning of §201(2), §301(a)(3), and §401(a)(1) of ERISA; and

(c) Designated by the Committee, in its sole discretion, as eligible for participation in the Plan and listed in Appendix A.

§2.15 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended. A reference to a section of ERISA shall also be deemed to refer to the regulations under such section.

§2.16 "Normal Retirement Age" means the later of (a) the Participant's 65th birthday, or (b) the date the Participant completes five Years of Participation.

§2.17 "Offset Date" means:

(a) In the case of a Participant who incurs a Separation from Service on or after his Early Retirement Date, but prior to his Normal Retirement Age, the first day of the month next following the date the Participant incurs a Separation from Service; and

(b) In the case of any other Participant, the date the Participant attains Normal Retirement Age.

§2.18 "Participant" means an Eligible Employee who has begun to participate in the Plan under Article III.

§2.19 "Payment Commencement Date" means the date on which a Participant's benefit is due to commence (or be paid) under §5.2, §5.3 or §5.9 (as applicable), without regard to §5.6 and regardless of the date such payment actually commences (or is paid).

§2.20 "Pension Plan Benefit" means the annual benefit (if any) payable to the Eligible Employee under the Quaker Chemical Corporation Pension Plan (or any successor thereto), assuming such benefit is paid in the form of a single life annuity commencing on the Offset Date (regardless of the time at which and the form in which such benefit is paid from such Pension Plan).

§2.21 "Plan" means the Quaker Chemical Corporation Supplemental Retirement Income Program as set forth herein and as it may be amended from time to time.

§2.22 "Plan Year" means the calendar year.

§2.23 "Prior SRIP" means the Quaker Chemical Corporation Supplemental Retirement Income Program as adopted on November 6, 1984, amended November 8, 1989 and further amended May 5, 1993.

§2.24 "Prior SRIP Formula" means the First, Second and Third Calculations set forth in the Prior SRIP without regard to any eligibility, vesting or other provisions of the Prior SRIP.

§2.25 "Quaker" means Quaker Chemical Corporation (a Pennsylvania corporation), or any successor thereto.

§2.26 "Retirement Savings Plan Benefit" means the annual benefit payable in the form of a single life annuity commencing at the Participant's Offset Date, where such single life annuity is the Actuarial Equivalent of the sum of (a) the aggregate nonelective contributions allocated to the Eligible Employee's account under the Quaker Chemical Corporation Retirement Savings Plan (or any successor thereto), plus (b) earnings on such aggregate contributions at an assumed annual rate of 5.03%. For purposes of determining such sum, (y) a nonelective contribution shall be deemed to have been made as of the December 31 of the year with respect to which it is made, and (z) earnings shall be deemed to accrue on such contribution from the January 1 immediately following such deemed contribution date through the Offset Date.

§2.27 "Separation from Service" means a Participant's separation from service with the Company and its affiliates within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

§2.28 "Social Security Benefit" means the estimated annual primary insurance amount that a Participant is entitled to receive under the Federal Social Security Act commencing as of the Offset Date. This estimated benefit shall be determined:

(a) Under the Social Security Act in effect on January 1 of the Plan Year in which the Participant incurs a Separation from Service or commences benefit payments under §5.9, if earlier (without regard to legislative changes made after that date);

(b) With respect to periods before the Participant was employed by the Company, based on the wages stated in the most recent Social Security Statement provided by the Participant at least one month before the date payment is scheduled to commence (or be paid) under Article V;

(c) In the case of a Participant who incurs a Separation from Service before the Offset Date, assuming that the Participant continues employment to the Offset Date at the level of wages in effect at the Participant's Separation from Service;

(d) Assuming no change in the primary insurance amount after the Participant's Normal Retirement Age (either by amendment of the Social Security Act or by application of the provisions of that Act); and

(e) Assuming the Participant is married and that both the Participant and spouse are the same age.

§2.29 "Specified Employee" means a Participant who, as of the date of his Separation from Service, is a specified employee as defined in Code §409A.

§2.30 "Trust" means the grantor trust, if any, established by Quaker to set aside amounts to pay Participants' benefits under the Plan.

§2.31 "Trust Agreement" means the trust agreement pursuant to which the Trust is maintained.

§2.32 "Year of Participation" means the number of complete and partial months that the Participant has been a Participant in the Plan while employed by the Company or an affiliate, divided by 12. Partial years shall be disregarded. For purposes of determining a Participant's Years of Participation, the Participant shall be deemed to have been a Participant in the Plan beginning on the participation date designated by the Committee in Appendix A.

§2.33 "Year of Service" means the Participant's years of service as determined under the Quaker Chemical Corporation Retirement Savings Plan (as in effect on November 8, 2006) for purposes of determining the Participant's vesting status under the Retirement Savings Plan; provided, however, that any partial year of service shall be disregarded; and further provided that service completed after reemployment shall be disregarded if so determined by the Committee pursuant to §3.2. Notwithstanding the foregoing, if prior to a Change in Control, the Committee determines that a Participant should no longer be eligible for participation in the Plan, service completed after the date of the Committee's decision shall be disregarded in determining the Participant's Years of Service.

ARTICLE III
PARTICIPATION

§3.1 Commencement of Participation. An Eligible Employee shall begin to participate in the Plan on the date he is designated as a Participant by the Committee. At the time of such designation, the Committee shall determine the Participant's participation date for purposes of determining his Years of Participation. Each Participant and his participation date shall be set forth in Appendix A. Eligible Employees and participation dates may be added to Appendix A without requiring an amendment to the Plan.

§3.2 Reemployment. If a Participant incurs a Separation from Service and is subsequently reemployed by the Company, the Committee shall, in its sole discretion, determine whether the Participant shall be eligible to accrue benefits under the Plan upon reemployment. If the Participant is eligible to accrue benefits upon reemployment, the Committee shall determine the applicable offsets to take into account any benefit paid to the Participant under the Plan prior to his subsequent Separation from Service.

ARTICLE IV
VESTING

§4.1 Vesting. A Participant's Accrued Benefit shall become 100% vested (nonforfeitable) as of the earlier of:

(a) The date the Participant completes five Years of Participation;

(b) The earliest of the following events, provided such event occurs on or before the date of the Participant's Separation from Service:

(i) The Participant's death;

(ii) The date the Participant becomes Disabled;

(iii) A Change in Control which is also a "change in control event" under Code §409A;

(iv) A Change in Control which is not a "change in control event" under Code §409A; provided, however, that with respect to a Participant who commences participation in the Plan after December 31, 2008, such Change in Control occurs at least thirteen months after the Participant commences participation pursuant to §3.1; or

(v) Termination of the Plan; provided, however, that with respect to a Participant who commences participation in the Plan after December 31, 2008, such termination occurs at least thirteen months after the Participant commences participation pursuant to §3.1.

§4.2 Forfeiture. If a Participant incurs a Separation from Service prior to becoming vested under §4.1 or the Participant's Separation from Service does not result in vesting under §4.1, the Participant's Accrued Benefit shall be forfeited. If the Participant is subsequently reemployed, the Committee, in its sole discretion, shall determine if Years of Participation and/or Years of Service completed before such reemployment shall be taken into account in determining the amount of the Participant's benefit (if any) under the Plan.

ARTICLE V
BENEFITS

§5.1 Accrued Benefit.

(a) In General. A Participant's Accrued Benefit under the Plan shall be expressed in the form of a single life annuity commencing at the Determination Date. The Determination Date is (i) in the case of a Participant who incurs a Separation from Service on or after his Early Retirement Date or on or after attaining Normal Retirement Age, the first day of the month following the Participant's Separation from Service, (ii) in the case of a Disabled Participant, the date benefits commence under §5.9, and (iii) in the case of any other Participant, the first day of the month following the date the Participant attains Normal Retirement Age (or, in the case of payment pursuant to §5.5, §5.8(b) or §9.3, the later of the date of the event giving rise to payment or the Participant's 65th birthday).

(b) Future Participants. Except as provided in subsection (c), a Participant's Accrued Benefit shall be equal to ((I) minus (II) minus (III) minus (IV)) multiplied by the Service Fraction, where:

(I) is 50% of the Participant's Average Annual Compensation,

(II) is the Participant's Social Security Benefit;

(III) is the Participant's Pension Plan Benefit;

(IV) is the Participant's Retirement Savings Plan Benefit; and

The Service Fraction is the lesser of the Participant's Years of Service divided by 30, or one.

(c) Original Participants. The Accrued Benefit of a Participant identified as an "Original Participant" in Appendix A shall be the greatest of:

(i) The amount determined under subsection (b);

(ii) The benefit the Original Participant would have accrued as of age 55 under the Prior SRIP Formula had such formula been continued through such date, based on such Participant's Salary plus Bonus (as defined in the Prior SRIP) and years of employment as of the date the Original Participant attains age 55 (such amount to be zero in the event the Original Participant is not employed by the Company at age 55, even if a Change in Control occurs before such date); or

(iii) The sum of (A) the benefit the Original Participant would have accrued as of December 31, 2006 under the Prior SRIP Formula had such formula been continued through such date, based on such Participant's Salary plus Bonus (as defined in the Prior SRIP) and years of employment as of December 31, 2006, plus (B) the Original Participant's Accrued Benefit determined under subsection (b), but disregarding Years of Service completed prior to January 1, 2007.

§5.2 Separation from Service On or After Age 62. Except as provided in §5.5, §5.6, or §5.8, if a Participant incurs a Separation from Service on or after attaining age 62, payment of the Participant's vested benefit under the Plan shall commence (or be made) on the first day of the month following such Separation from Service. If the Participant incurs a Separation from Service on or after his Early Retirement Date or on or after attaining Normal Retirement Age, the benefit payable under this §5.2 shall be his vested Accrued Benefit. If the Participant incurs a Separation from Service before his Early Retirement Date and before attaining Normal Retirement Age, the benefit payable under this §5.2 shall be his vested Accrued Benefit reduced by five-ninths (5/9ths) of one percent (1%) for each month his Payment Commencement Date precedes his Normal Retirement Age.

§5.3 Separation from Service Before Age 62. Except as provided in §5.4, §5.5, §5.6, or §5.8, if a Participant incurs a Separation from Service before attaining age 62, payment of the Participant's vested Accrued Benefit shall commence (or be made) as of the first day of the month following the date the Participant attains Normal Retirement Age.

§5.4 Small Benefits. If the Actuarial Equivalent present value of a Participant's vested Accrued Benefit (as of the date of distribution) does not exceed the applicable dollar amount under Code §402(g)(1)(B), such amount shall be paid in a lump-sum distribution on the later of (a) the first day of the month following the Participant's Separation from Service, or (b) the delayed date (if any) required under §5.6.

§5.5 Change in Control. If the Change in Control is also a "change in control event" under Code §409A, then:

(a) If the Participant has received one or more payments under another Section of this Article (other than §5.7) prior to the Change in Control, the Participant shall be paid a lump sum on the date of such Change in Control equal to the Actuarial Equivalent present value of the future stream of payments that would have otherwise been payable to the Participant (and, if the Participant is receiving benefits in the form of a joint and survivor annuity described in §6.1(b) and the joint annuitant designated at his Payment Commencement Date has not died prior to such Change in Control, the present value of the payment that would have otherwise been payable to his joint annuitant) on and after the Change in Control had such Change in Control not occurred; and

(b) The vested Accrued Benefit of each other Participant shall be paid to such Participant in a lump sum (equal to the Actuarial Equivalent present value of such vested Accrued Benefit) on the date of such Change in Control.

If the Change in Control is not a “change in control event” under Code §409A, payment shall be made (or continue to be made) under the applicable Section of this Article V, without regard to this Section.

§5.6 Specified Employees. Notwithstanding §5.2, §5.3, or §5.4, if payment of a Participant’s benefit under the Plan is due to commence (or be made) as a result of the Participant’s Separation from Service and the Participant is a Specified Employee, no payment shall be made to the Participant during the six-month period following the Participant’s Separation from Service. Any payments that would have been made but for this Section shall be accumulated and, except as otherwise provided in §5.8, paid (without interest) to the Specified Employee on the first day of the seventh month following the month in which the Participant incurs a Separation from Service. Thereafter, payments shall continue in accordance with the form of benefit applicable to the Participant.

§5.7 Failure to Satisfy Code §409A. If, for any reason, all or any portion of a Participant’s benefit under the Plan becomes taxable to the Participant under Code §409A prior to distribution, a Participant may petition the Committee for a distribution of that portion of his vested Accrued Benefit that has become taxable. Such petition shall be granted if the Company reasonably determines that the condition specified in the first sentence of this Section has been met. Thereupon, a distribution shall be made to the Participant in an amount equal to (but not exceeding) the amount of his benefit under the Plan that is required to be included in income as a result of the failure to comply with the requirements of Code §409A (which amount shall not exceed the Actuarial Equivalent present value of the Participant’s vested Accrued Benefit that then remains unpaid under the Plan). Any distribution under this Section shall be made only if permissible under Treas. Reg. §1.409A-(j)(4)(vii) and any successor regulation thereto. If the petition is granted, the distribution shall be made within 90 days of the date when the Participant’s petition is granted. Such a distribution shall affect and reduce the benefits to be paid to the Participant (or his Beneficiary) under this Plan.

§5.8 Death Benefit.

(a) Death after One or More Payments.

(i) If a Participant dies after receiving one or more payments in the form of a joint and survivor annuity described in §6.1(b), and the joint annuitant designated at his Payment Commencement Date survives him, the joint annuitant shall be paid a lump sum equal to the Actuarial Equivalent present value of the annuity that would have been paid to the joint annuitant pursuant to §6.1(b), but for this §5.8. Such lump sum shall be paid on the first day of the second month following the Participant’s death.

(ii) If a Participant dies after receiving one or more monthly installments under §6.1(c), and before receiving 36 monthly installments under such Section, the Participant’s Beneficiary shall be paid a lump sum equal to the Actuarial Equivalent present value of the remaining payments that would have been made to the Participant under §6.1(c) but for his death. Such lump sum shall be paid on the first day of the second month following the Participant’s death.

(iii) If a Participant dies after receiving one or payments under another Section of this Article (other than §5.7) under circumstances other than those described in §5.8(a)(i) or (ii), no benefit shall be payable under this Plan after the death of the Participant. For example, no benefit shall be payable under this Plan following the death of the Participant if the Participant dies after receiving one or more payments in the form of a single life annuity, or if the Participant dies after receiving one or more payments in the form of a joint and survivor annuity described in §6.1(b), and the joint annuitant designated at his Payment Commencement Date does not survive him.

(b) Death before Any Payment. If a Participant dies before receiving any payment pursuant to another Section of this Article V (other than §5.7) and (i) before his Separation from Service, or (ii) after Separation from Service with a vested Accrued Benefit, the Participant's vested Accrued Benefit shall be paid to the Participant's Beneficiary. Such payment shall be a lump sum equal to the Actuarial Equivalent present value of the Participant's vested Accrued Benefit, such payment to be made on the first day of the second month following the Participant's death. If a death benefit is payable under this subsection (b), no benefit shall be payable under any other Section of this Article V.

§5.9 Disability. If a Participant becomes Disabled, payment of the Participant's vested Accrued Benefit shall commence (or be made) as of the first day of the seventh month following the date the Participant becomes Disabled (or, if earlier, as of the date payment of such benefit would otherwise commence or be made under this Article V).

ARTICLE VI
FORM OF PAYMENT

§6.1 Form of Benefit. A Participant's vested benefit under the Plan shall be paid in the form of a single life annuity (a monthly benefit payable to the Participant for life, with no payments made after the Participant's death) unless one of the following applies:

(a) Lump-Sum Distribution. All benefits payable under §5.4, §5.5, §5.7, and §5.8 shall be paid in a lump sum.

(b) Joint and Survivor Annuity. Except as provided in §5.4, a Participant may elect, in accordance with §6.3, that the Participant's vested benefit payable pursuant to §5.2, §5.3 or §5.9 be paid in the form of a joint and survivor annuity. A joint and survivor annuity is a monthly annuity payable during the Participant's lifetime and, if the Participant's joint annuitant survives the Participant, an annuity for the surviving joint annuitant's lifetime equal to 50% or 100% of the monthly amount payable during the Participant's lifetime. The annuity percentage shall be elected by the Participant prior to the Payment Commencement Date in accordance with procedures established by the Committee. The Participant's joint annuitant shall be the Participant's spouse or Domestic Partner on the Payment Commencement Date. If the Participant's joint annuitant dies before payments commence under §5.2, §5.3, or §5.9, this optional form of payment shall be revoked and payments shall be made in the form of a single life annuity for the Participant's lifetime. The joint and survivor annuity shall be the Actuarial Equivalent of the single life annuity otherwise payable to the Participant under the Plan. As provided in §5.8(a), any benefit payable after a Participant's death shall be paid in a lump sum (and not as an annuity).

(c) Installments Over Three Years. Subject to §6.2, a Participant may elect that his vested benefit payable pursuant to §5.2, §5.3 or §5.9 be paid in monthly installments over a 36-month period, but only if the Participant's Payment Commencement Date is after the date the Participant attains Normal Retirement Age. The amount of each monthly installment shall be equal to one thirty-sixth of the Actuarial Equivalent present value of the single life annuity otherwise payable to the Participant under the Plan as of the first day of the month following the later of the date the Participant attains Normal Retirement Age or the Participant's Separation from Service.

§6.2 Election Procedures Regarding Three-Year Installment Form. An Eligible Employee may make an election under this Section to have his vested benefit payable pursuant to §5.2, §5.3 or §5.9 paid in the three-year installment method described in §6.1(c) if his Payment Commencement Date is after the date the Participant attains Normal Retirement Age. Any such election shall be made in accordance with subsection (a), (b), or (c) and such other procedures as may be established by the Committee that are not inconsistent with such subsections. Any such election shall be void in the event that §5.4 is applicable.

(a) Election on or before December 31, 2008. An election under this subsection (a) shall be made by a Participant on or before December 31, 2008; provided that such election shall not apply to amounts that would have otherwise been distributed in the year of the election or cause amounts to be distributed in the year of the election that would not otherwise have been distributed in the year of the election.

(b) Election on or before Employment Commencement Date. An election under this subsection (b) shall be made on or before the date the Eligible Employee first completes an hour of service with the Company or any other entity required to be aggregated with the Company under Code §414(b) or §414(c).

(c) Thirteen-Month Forfeiture Election. An election under this subsection (c) shall be made on or before the 30th day after the Eligible Employee is designated as a Participant by the Committee; provided, however, that a Participant shall be eligible to make an election under this subsection (c) only if his Participation Date (as stated in Appendix A) is less than forty-seven months before the date of his election under this subsection (c).

§6.3 Election Procedures Regarding Annuities. Any election made by a Participant under this §6.3 must be made before the Participant's Payment Commencement Date and in accordance with procedures established by the Committee. If a Participant's vested benefit payable pursuant to §5.2, §5.3 or §5.9 is scheduled to be paid in the form of a single life annuity, the Participant may elect instead that the benefit be paid in the form of a joint and survivor annuity (50% or 100%). If a Participant has elected that his vested benefit payable pursuant to §5.2, §5.3 or §5.9 be paid in the form of a joint and survivor annuity (e.g., 50%), the Participant may elect instead that (a) the benefit be paid in the form of an alternative joint and survivor annuity (e.g., 100%), or (b) the benefit be paid in the form of a single life annuity.

ARTICLE VII
ADMINISTRATION

§7.1 Committee.

(a) Committee Powers. The Committee shall have all powers necessary to supervise the administration of the Plan and control its operations. In addition to any powers and authority conferred on the Committee elsewhere in the Plan or by law, the Committee shall have the following powers and authority:

(i) To designate agents to carry out responsibilities relating to the Plan.

(ii) To employ such legal, actuarial, accounting, clerical and other assistance as it may deem appropriate in administering this Plan.

(iii) To establish rules and procedures for the conduct of the Committee's businesses and the administration of this Plan.

(iv) To administer the Plan. Unless the Plan expressly provides otherwise, the Committee shall have the sole discretion to construe and interpret the provisions of the Plan and to determine all questions (including factual determinations) concerning benefit entitlements, including the power to construe and determine disputed or doubtful terms. To the maximum extent permissible under law, the determinations of the Committee on all such matters shall be final and binding upon all persons involved.

(v) To perform or cause to be performed such further acts as it may deem to be necessary or appropriate in the administration of the Plan.

(b) Records and Reports. The Committee shall keep a record of its proceedings and actions and shall maintain all books of account, records, and other data as shall be necessary for the proper administration of the Plan. Such records shall contain all relevant data pertaining to individual Participants and their rights under the Plan. The Committee shall have the duty to carry into effect all rights or benefits provided hereunder to the extent assets of the Company are properly available therefor.

§7.2 Claims and Appeals.

(a) Claims Procedure. 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 (or his duly authorized representative) may file a written claim with the Committee. The claim shall be reviewed, and a response provided, within 90 days after receiving the claim (such period to be extended by up to an additional 90 days if there are special circumstances requiring an extension, provided that proper notice is given to the claimant prior to the end of the initial 90-day period). Any claimant who is denied a claim for benefits shall be provided with written notice setting forth:

(i) The specific reason 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 subsection (b), including a statement of the claimant's right to bring a civil action under ERISA §502(a) following an adverse determination after the claim has been appealed.

(b) Appeals. Within 60 days of receipt by a claimant of a notice denying a claim under the Plan under subsection (a), the claimant or his duly authorized representative may request in writing a full and fair review of the claim by the Committee. In connection with such review, the claimant or his duly authorized representative may review relevant documents and may submit issues and comments in writing (which the Committee shall consider in its review). The Committee shall make a decision promptly, and not later than 60 days after the Committee's receipt of a request for review, unless special circumstances (such as the need to hold a hearing, if the Committee deems one necessary) require an extension of time for processing, in which case the Committee will notify the claimant in writing of such extension (prior to the end of the initial 60-day period) and 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), specific references to the pertinent Plan provisions on which the decision is based, a statement that the claimant may review or receive (free of charge) documents relevant to the claim, and a statement of the claimant's right to bring a civil action under ERISA §502(a).

(c) Claims Involving Disability. In the case of any claim involving a determination of Disability, the claim procedure set forth in subsection (a) and the review procedure set forth in subsection (b) shall be modified to the extent necessary to comply with the rules set forth in DOL Reg. §2560.503-1 regarding disability benefits.

(d) Exhaustion of Remedies. No legal action for benefits under the Plan may be brought unless and until the claimant has timely exhausted his remedies under this Section.

ARTICLE VIII
SOURCES OF FUNDS

§8.1 In General. This Plan shall be unfunded, and, except as provided in §8.2, payment of benefits hereunder shall be made from the general assets of the Company. Any assets which may be set aside, earmarked, or identified as being intended for the payment of benefits under this Plan shall remain assets of the Company and shall be subject to the claims of its general creditors. Each Participant and Beneficiary shall be a general and unsecured creditor of the Company to the extent of the value of his benefit accrued hereunder, and he or she shall have no right, title, or interest in any specific asset that the Company may set aside, earmark, or identify as for the payment of benefits under the Plan. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

§8.2 Trust. Notwithstanding §8.1, assets may be set aside in a trust and earmarked for the payment of benefits under this Plan, provided Participants continue to be general and unsecured creditors of the Company with respect to assets set aside in the trust.

ARTICLE IX
AMENDMENT AND TERMINATION

§9.1 General Authority. The Committee may approve and execute changes of a technical nature to the Plan which do not materially affect the substance thereof and which, in the opinion of the Committee, are necessary and desirable (including any amendment that applies to a Participant who has incurred a Separation from Service). In addition, the Board reserves the right to amend the Plan, by resolution, at any time and from time to time in any fashion (including any amendment that applies to a Participant who has incurred a Separation from Service), and to terminate it at will.

§9.2 Limitations. No amendment or termination of this Plan shall affect the rights of any Participant or his Beneficiary with respect to the amount of his Accrued Benefit (whether or not vested) determined as of the date of such amendment or termination; provided, however, that such limitation shall not apply to (a) any amendment or termination that the Committee or the Board, in its sole discretion, determines is necessary or appropriate to avoid the additional tax under Code §409A(a)(1)(B), (b) any amendment to which the Participant (or his Beneficiary in the event the Participant is deceased) consents, or (c) any termination that provides for a single-sum distribution of the Participant's vested Accrued Benefit (or remaining vested Accrued Benefit).

§9.3 Distribution on Plan Termination. Upon termination of the Plan, to the extent permitted by Code §409A, the present value of the Participant's vested Accrued Benefit which has not yet been paid pursuant to Article V shall be paid to the Participant (or his Beneficiary if the Participant is deceased) in a single sum as of the earliest date on which such payment would be permitted under Code §409A.

ARTICLE X
MISCELLANEOUS

§10.1 Tax Withholding. The Company shall withhold from payments made under the Plan any taxes required to be withheld from a Participant's wages for Federal, state, or local taxes.

§10.2 Payment of Expenses. The Company shall pay all expenses of administering the Plan. Such expenses shall include any expenses incident to the functioning of the Committee.

§10.3 Indemnification for Liability. The Company shall indemnify the members of the Committee and the employees of the Company to whom the Committee delegates duties under the Plan against any and all claims, losses, damages, expenses, and liabilities arising from their responsibilities in connection with the Plan, unless the same is determined to be due to gross negligence or willful misconduct.

§10.4 Nonalienation of Benefits. Except as hereinafter provided with respect to marital disputes, none of the benefits or rights of a Participant or any Beneficiary shall be subject to the claim of any creditor. In particular, to the fullest extent permitted by law, all such benefits and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of the Participant and his Beneficiary. Neither the Participant nor his Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, sell, transfer, or assign any of the payments which he may expect to receive, contingently or otherwise, under this Plan, except the right to designate a Beneficiary to receive death benefits provided hereunder. In cases of marital dispute, the Company shall observe the terms of the Plan unless and until ordered to do otherwise by a state or Federal court. As a condition of participation, a Participant agrees to hold the Company harmless from any harm that arises out of the Company's obeying the final order of any state or Federal court, whether such order effects a judgment of such court or is issued to enforce a judgment or order of another court.

§10.5 No Contract of Employment. Nothing contained herein shall be construed as conferring upon any person the right to be employed by the Company or to continue in the employ of the Company, nor shall it interfere with the right of the Company to discharge any employee.

§10.6 Applicable Law. The provisions of this Plan shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania (without reference to principles of conflicts of law), to the extent not superseded by Federal law.

§10.7 Successors. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase, or otherwise, acquire all or substantially all of the business and assets of the Company, and successors of any such corporation or other business entity.

§10.8 Headings. The headings of the Sections of the Plan are for reference only. In the event of a conflict between a heading and the contents of a Section, the contents of the Section shall control.

§10.9 Gender and Number. Whenever any words are used herein in any specific gender, they shall be construed as though they were also used in any other applicable gender. Whenever any words used herein are in the singular form, they shall be construed as though they were also used in the plural form in all cases where they would so apply.

§10.10 Top-Hat Plan. While, as stated in Article I, this Plan is intended to cover a "select group of management or highly compensated employees," in the event it is determined not to be a plan described in §201(2), §301(a)(3), and §401(a)(1) of ERISA, it shall be deemed to be two plans, one plan covering the group that consists of a select group of management or highly compensated employees and the other plan covering the group that does not meet this definition.

§10.11 Code §409A. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted and administered in a manner consistent with Code §409A and applicable guidance issued thereunder, to avoid the imposition of additional tax under Code §409A.

§10.12 Facility of Payment. If an amount is payable under this Plan to a minor, a person declared incompetent, or a person incapable of handling the disposition of property, the Committee may direct the payment of the amount to the guardian, legal representative, or person having the care and custody of the minor, incompetent, or incapable person. The Committee may require proof of incompetency, minority, incapacity, or guardianship as it may deem appropriate prior to the distribution of the amount. The distribution shall completely discharge the Committee and the Company from all liability with respect to the amount distributed.

IN WITNESS WHEREOF, QUAKER CHEMICAL CORPORATION has caused these presents to be duly executed this 19th day of November, 2008.

Attest:	QUAKER CHEMICAL CORPORATION
/s/ Irene M. Kisleiko	By: /s/ Michael F. Barry

By signing below, each Participant in the Plan prior to the adoption of this Amendment and Restatement acknowledges his consent to the changes made by this Amendment and Restatement.

Date: November 19, 2008	/s/ Michael F. Barry Michael F. Barry
Date: November 19, 2008	/s/ D. Jeffry Benoliel D. Jeffry Benoliel

APPENDIX A

A. ORIGINAL PARTICIPANTS

Name	Participation Date
Michael F. Barry	November 30, 1998
D. Jeffry Benoliel	July 1, 2004

B. FUTURE PARTICIPANTS

Name	Participation Date

Exhibit 10.59

QUAKER CHEMICAL CORPORATION
DIRECTORS' DEFERRED COMPENSATION PLAN

(Amended and Restated as of January 1, 2005)

Section 1 - Statement of Purpose

This Plan is designed and implemented for the purpose of providing to the members of the Board who have made significant contributions to the Company's success, the opportunity to accumulate capital on a tax-deferred basis, thereby increasing the incentive for such Directors to remain on the Board and to make the Company more profitable. This goal is accomplished through a pre-tax deferral of Board compensation and the deemed investment of those funds on a tax-deferred basis.

Section 2 - Definitions

2.1 "Account Balance" means the amount, as denominated in dollars, of a Participant's account as indicated in the records of the Administrator.

2.2 "Administrator" means the person designated by the Company pursuant to Section 3.1 to administer the Plan on behalf of the Company.

2.3 "Beneficiary" means the person to whom the share of a deceased Participant's total account is payable, as designated by a Participant in writing on a form satisfactory to the Company. In the absence of any living designated Beneficiary, a deceased Participant's Beneficiary shall be the deceased Participant's then living spouse, if any, for his or her life; if none, or from and after such spouse's death, then the living children of the deceased Participant, if any, in equal shares, for each of their lives; and if none, or after the death of all such children, the estate of the deceased Participant.

2.4 "Board" means the Board of Directors of the Company, or any committee of such Board that is authorized to oversee, administer and amend the Plan.

2.5 "Code" means the Internal Revenue Code of 1986, as amended.

2.6 "Company" means Quaker Chemical Corporation and any successors that shall maintain this Plan. The Company is a corporation, with principal offices in the Commonwealth of Pennsylvania.

2.7 "Compensation" with respect to a Participant means all fees that would, but for this Plan, be payable to a Participant in cash by reason of serving on the Board or on committees of the Board.

2.8 "Director" means a member of the Board.

2.9 "Participant" means any Director who participates in the Plan as provided in Section 4 and has not for any reason become ineligible to participate further in the Plan.

2.10 "Plan" means the Quaker Chemical Corporation Directors' Deferred Compensation Plan, as contained in this instrument, including all amendments thereto.

2.11 "Plan Participation Agreement" means the agreement signed by a Director authorizing the deferral of his or her Compensation to the Plan pursuant to Sections 4.2 and 5.1.

2.12 “Plan Year” means the Plan’s accounting year. Effective January 1, 2006, the Plan Year shall be the calendar year. Prior to January 1, 2006, the Plan Years were as follows:

(a) The six-month period beginning July 1, 2002, and ending December 31, 2002;

(b) The calendar year beginning January 1, 2003, and ending December 31, 2003;

(c) The period beginning January 1, 2004, and ending May 4, 2004;

(d) The period beginning May 5, 2004 and ending May 10, 2005; and

(e) The period beginning May 11, 2005 and ending December 31, 2005.

2.13 “Separation from Service” means a Participant’s death, retirement, or other termination of service with the Company and all affiliated companies, within the meaning of Treas. Reg. §1.409A-1(h) or any successor thereto.

2.14 “Vested” means the nonforfeitable portion of any account maintained on behalf of a Participant.

Section 3 - Plan Administration

3.1 **Powers and Duties of the Administrator.** The Company shall appoint the Administrator, who shall administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied. The Administrator shall have all powers necessary or appropriate to accomplish the duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

(a) The discretion to determine all questions relating to the eligibility of a Director to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) To compute and make determinations with respect to the amount of benefits to which any Participant shall be entitled hereunder;

(c) To authorize and make nondiscretionary or otherwise directed disbursements to Participants;

(d) To maintain all necessary records for the administration of the Plan;

(e) To interpret the provisions of the Plan and to make and publish such rules for the regulation of the Plan as are consistent with the terms hereof;

(f) To prepare and implement a procedure to notify Directors that they may elect to have a portion of Compensation deferred or paid to them in cash; and

(g) To assist any Participant regarding his or her rights, benefits, or elections available under the Plan.

3.2 **Records and Reports.** The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Company, Participants and Beneficiaries.

3.3 **Information from Company.** To enable the Administrator to perform the functions under the Plan, the Company shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their retirement, death, disability, or termination of service as a member of the Board, and such other pertinent facts as the Administrator may require. The Administrator may rely upon such information as is supplied by the Company and shall have no duty or responsibility to verify such information.

3.4 **Claims Procedure.** Claims for benefits under the Plan may be filed with the Administrator on forms supplied by the Company. Written or electronic notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, in whole or in part, the notice shall set forth in language calculated to be understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to pertinent Plan provisions on which the denial is based, (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right, if any, to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), following an adverse benefit determination on review.

3.5 **Claims Review Procedure.** Any Director, former Director, or Beneficiary who has been denied a benefit by a decision of the Administrator pursuant to Section 3.4, or his or her authorized representative (the "claimant"), shall be entitled to request the Administrator to give further consideration to his or her claim by filing with the Administrator a request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his or her claim should be allowed, shall be filed with the Administrator no later than 60 days after receipt of the notification provided for in Section 3.4. The claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. The Administrator shall then conduct a hearing within the next 60 days, at which the claimant shall have an opportunity to submit comments, documents, records, and other information relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination. The Administrator shall make a final decision as to the allowance of the claim within 60 days of receipt of the appeal, unless special circumstances require an extension of time, in which case notice of the extension and circumstances shall be provided to the claimant prior to the termination of the initial 60-day period and a decision shall be rendered as soon as possible but not later than 120 days after receipt of the request for review; provided, however, in the event the claimant fails to submit information necessary to make a benefit determination on review, such period shall be tolled from the date on which the extension notice is sent to the claimant until the date on which the claimant responds to the request for additional information. The decision on review shall be written or electronic and, in the case of an adverse determination, shall include specific reasons for the decision, in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based. The decision on review shall also include (i) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, or other information relevant to the claimant's claim for benefits, and (ii) a statement describing any voluntary appeal procedures offered by the Plan, and a statement of the claimant's right, if any, to bring an action under section 502(a) of ERISA. No legal actions concerning a claimant's benefit under the Plan may be brought prior to exhausting the Plan's claims process and review process, as described in Section 3.4 and 3.5, in a timely manner.

Section 4 - Eligibility

4.1 **Eligibility.** The Company identified and notified those Directors who were serving on the Board on June 30, 2002. A Director whose service on the Board commences after June 30, 2002 shall be identified and notified of the Plan at that time. Participation in the Plan shall be voluntary.

4.2 **Participation.** A Director becomes a Participant in the Plan upon the execution and delivery by him or her and the Company of a Plan Participation Agreement. Elections by Participants with respect to a Plan Year beginning on or after January 1, 2006 shall be made before the first day of such Plan Year. With respect to the Plan Year beginning May 5, 2004, elections were required to be made before May 5, 2004. With respect to the Plan Year beginning May 11, 2005, elections were required to be made on or before March 15, 2005. In the first year in which a Director becomes eligible to participate in the Plan (or in any other plan which would be aggregated with this Plan under Treas. Reg. §1.409A-1(c)(2) or any successor thereto), the Director may make an election, within 30 days after the date the Director becomes eligible to Participate, with respect to Compensation for services to be performed subsequent to the election during that Plan Year (as determined under Treas. Reg. §1.409A-2(a)(7) or any successor thereto). Elections made (or deemed to be made pursuant to Section 5.1) with respect to any Plan Year are irrevocable on the last day an election may be made with respect to such Plan Year; provided, however, that an election made by a new Director with respect to a Plan Year on or after the first day of the Plan Year shall be irrevocable on the date the Director delivers to the Company a Plan Participation Agreement that he or she has executed.

4.3 **Effective Date of Participation.** A Director shall become a Participant effective as of the first day of the Plan Year for which a Plan Participation Agreement under Section 4.2 is in effect, provided that the Director is still serving on such date. A new Director shall become a Participant as of the first day for which his or her election to defer is effective.

4.4 **Election Not to Participate.** Any Director may elect not to participate in the Plan. A Director who fails to execute and deliver a Plan Participation Agreement in accordance with Section 4.2 shall be deemed to have elected not to participate in the Plan.

Section 5 - Contributions to the Plan

5.1 **Participant's Compensation Deferral.** A Participant may elect to defer up to 100% of his or her Compensation each Plan Year. The total amount of Compensation that is deferred shall be considered as the Participant's contribution to the Plan for that Plan Year. Deferral elections shall continue in effect from Plan Year to Plan Year unless changed or revoked by the Participant. Any change or revocation shall not be effective prior to the first day of the Plan Year beginning after the date on which such change or revocation is filed with the Company;

provided, however, that any change or revocation filed with the Company during 2005 shall become effective (i) May 11, 2005 if submitted on or before March 15, 2005, or (ii) January 1, 2006 if submitted after March 15, 2005.

5.2 **Vesting of Contributions.** Participant contributions shall be Vested at all times.

Section 6 - Participants' Accounts

6.1 **Maintenance of Participants' Accounts.** The Administrator shall maintain a separate account for each Participant, to which shall be credited Participants' contributions. Accounts shall be credited for contributions as of the date the relevant amounts would otherwise have been payable to the Participant in cash. Each Participant's account also shall be credited with any increases in value determined under Section 6.2. Each Participant's account shall be charged with any withdrawals, distributions, or transfers permitted under the Plan. These Participant accounts shall be for recordkeeping purposes only and no actual funds will be deposited or set aside for any individual Participant or for the group of Participants as a whole.

6.2 **Earnings or Losses Credited to Participant Accounts.**

(a) Each Participant may from time to time designate the investment vehicle or vehicles which shall be used to determine the earnings and losses of his or her account from among available investment vehicles designated by the Administrator in its sole discretion. Any such designation shall be made at the time and in the manner prescribed by the Administrator. Each Participant's Account Balance shall be adjusted on a daily basis to reflect the earnings and losses of the designated investment vehicle or vehicles. In the event that no designation is in effect under this Section 6.2(a) for any period, the Participant shall be deemed to have designated such default investment vehicle as may be designated by the Administrator.

(b) Notwithstanding Section 6.2(a), a Participant's Account Balance as of any date shall not be less than the amount determined (i) by crediting his account with interest on a daily basis at the prime lending rate charged by the Company's principal banking institution on January 1 of the calendar year for which such interest credit is made (or July 1, 2002, with regard to interest credits made during 2002); (ii) without regard to any contributions made on or after May 5, 2004; and (iii) without regard to any adjustments under Section 6.2(a).

6.3 **Statements of Participants' Accounts.** The Administrator shall prepare or have prepared each quarter a statement for each Participant of his or her Account Balance and shall send such statement to the Participant.

Section 7 - Distributions

7.1 **Distributions from the Plan.** A Participant will be entitled to payment from the Company of an amount equal to his or her Account Balance upon the Participant's Separation from Service. All payments shall be made during the 90-day period beginning on the date of the Participant's Separation from Service, provided that, if such 90-day period overlaps more than one taxable year, the Participant (or Beneficiary) shall have no discretion to designate the taxable year in which any payment is made.

7.2 **Form of Payment.** Distribution shall be made in a single-sum payment equal to the Participant's Account Balance.

7.3 **Loans.** Loans from the Plan are not permitted.

7.4 **Distribution for Minor Beneficiary.** In the event a distribution is to be made to a minor, then the Administrator may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary, or to the custodian of such Beneficiary under the Uniform Gifts to Minors Act or a similar statute, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal guardian, custodian or parent of a minor Beneficiary shall fully discharge the Company and the Plan from further liability on account thereof.

Section 8 - Amendment and Termination

8.1 **Amendment.** The Company shall have the right at any time to amend this Plan (whether before or after a Participant's Separation from Service). However, no amendment shall be effective so as to reduce the amount of any Participant's Account Balance, to reduce future interest credits (with respect to the Participant's Account Balance attributable to contributions made prior to May 5, 2004) below the amount provided under Section 6.2(b) (as in effect prior to the amendment), to adversely affect the Participant's right to adjustments for earnings or losses under Section 6.2(a), or to delay the payment of any amount to a Participant beyond the time that such amount would be payable without regard to such amendment, except to the extent such amendment or modification is determined by the Company to be necessary or appropriate to avoid additional tax under section 409A of the Code.

8.2 **Termination.** The Company shall have the right at any time to notify the Participants of the termination of the Plan by delivering to the Directors and Administrator written notice of such termination. Upon any such notice of termination, beginning with the following Plan Year no additional amounts may be deferred and credited to Participants' accounts; however, Participants' accounts shall continue to be credited with any increases or decreases in value pursuant to Section 6.2. In the event of termination, at the Company's election, each Participant's Account Balance shall be paid to the Participant in full to the extent permitted under Treas. Reg. §1.409A-3(j)(4)(ix) or any successor thereto (and, to the extent not distributable thereunder, shall remain payable in accordance with the terms of the Plan other than this Section 8.2).

Section 9 - Company-Owned Life Insurance

9.1 **Company Owns All Rights.** In the event that, in its discretion, the Company purchases a life insurance policy or policies insuring the life of any Participant to allow the Company to informally finance and/or recover, in whole or in part, the cost of providing the benefits hereunder, neither the Participant nor any Beneficiary shall have any rights whatsoever therein. The Company shall be the sole owner and beneficiary of any such policy or policies and shall possess and may exercise all incidents of ownership therein.

9.2 **Participant Cooperation.** If the Company decides to purchase a life insurance policy or policies on any Participant, the Company will so notify such Participant. Each Participant shall consent to being insured for the benefit of the Company and shall take whatever actions may be necessary to enable the Company to timely apply for and acquire such life insurance and to fulfill the requirements of the insurance carrier relative to the issuance thereof as a condition of eligibility to participate in the Plan.

9.3 **Participant Misrepresentation.** If (a) any Participant is required by this Plan to submit information to any insurance carrier; and (b) the Participant makes a material misrepresentation in any application for such insurance; and (c) as a result of that material misrepresentation the insurance carrier is not required to pay all or any part of the proceeds provided under that insurance, then the Participant's (or the Participant's Beneficiary's) rights to any benefits under this Plan may be, in the sole discretion of the Board, reduced to the extent of any reduction of proceeds that is paid by the insurance carrier because of such material misrepresentation.

9.4 **Suicide.** Notwithstanding any other terms or provision of the Plan or the Plan Participation Agreement, if a Participant dies by reason of suicide and if the Company's receipt of insurance proceeds is as a result reduced, then the Participant's (or the Participant's Beneficiary's) rights to any benefits under this Plan may be, in the sole discretion of the Board, reduced to the extent of any reduction of proceeds that is paid by the insurance carrier.

Section 10 - Resignation and Removal of the Administrator

10.1 **Resignation.** The Administrator may resign at any time by written notice to the Board, which shall be effective 30 days after receipt of such notice unless the Administrator and the Board agree otherwise.

10.2 **Removal.** The Administrator may be removed by the Board on 30 days notice or upon shorter notice accepted by the Administrator.

10.3 **Appointment of Successor.** If the Administrator resigns or is removed, a successor shall be appointed, in accordance with Section 11, by the effective date of resignation or removal under this Section 10. If no such appointment has been made, the Administrator may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Administrator in connection with the proceeding shall be allowed as administrative expenses of the Plan.

Section 11 - Appointment of Successor Administrator

11.1 **Successor Administrator.** If the Administrator resigns or is removed in accordance with Section 10.1 or 10.2, the Board shall appoint a successor Administrator. The appointment shall be effective when accepted in writing by the new Administrator. The new Administrator shall have all of the rights and powers of the former Administrator.

Section 12 - The Administrator's Consultant

12.1 **Consultant.** The Company agrees to the designation by the Administrator of NYLEX Benefits LLC ("NYLEX"), headquartered in Stamford, Connecticut, as the Administrator's consultant (the "Administrator's Consultant") under this Plan. The Administrator shall have no responsibility for the performance of the duties of the Administrator's Consultant.

12.2 **Independent Consultant.** It is recognized that NYLEX also acts as an independent consultant for the Administrator with respect to the Administrator's obligations under the Plan.

12.3 **Resignation or Removal of Consultant.** The Administrator's Consultant may resign at any time by delivery of written notice of resignation to the Administrator. The Administrator's Consultant may be removed by the Administrator at any time by delivery of written notice of such removal to the Administrator's Consultant. Any such resignation or removal shall take effect as of a future date specified in the notice, which date shall not be earlier than 30 days after such notice is delivered, or such earlier date as may be agreed to by the Administrator's Consultant and the Administrator. As soon as practicable after the Administrator's Consultant has resigned or has been removed hereunder, it shall deliver to the successor Administrator's Consultant or to the Administrator all reports, records, documents, and other written information in its possession regarding the Plan, the Participants and Beneficiaries, and thereupon shall be paid all unpaid fees, compensation and reimbursements to which it is entitled and shall be relieved of all responsibilities and duties under the Plan.

12.4 **Records to be Maintained.** The Administrator's Consultant shall maintain or cause to be maintained all of the records contemplated by the current agreement between the Administrator and the Administrator's Consultant. The Administrator's Consultant shall also perform such other duties and responsibilities under this Plan as agreed in writing between the Administrator's Consultant and the Administrator.

12.5 **Furnishing of Information.** The Administrator shall furnish to the Administrator's Consultant all the information necessary to determine the benefits payable to or with respect to each Participant and Beneficiary, and the name, address and Social Security number of each Participant and Beneficiary. The Administrator shall regularly, at least annually, or promptly at the request of the Administrator's Consultant, furnish to the Administrator's Consultant revised and updated information, including copies of any amendments or supplements to the Plan or the Administrator's obligations. Based on the foregoing information, the Administrator's Consultant shall prepare annual statements for each Participant and Beneficiary and shall furnish a copy of same to the Administrator. In the event the Administrator refuses or neglects to provide updated information, as contemplated herein, the Administrator's Consultant shall be entitled to rely upon the most recent information furnished to it by the Administrator. The Administrator's Consultant has no responsibility to verify information provided to it by the Administrator.

12.6 **Annual Valuation.** The Administrator's Consultant shall assist the Administrator in providing all required Plan information to the Company. The Administrator's Consultant shall also perform an annual actuarial valuation of the obligations under the Plan and the funding requirements therefor, based solely on the most recent information furnished to it by the Administrator.

Section 13 - - Miscellaneous

13.1 **Unsecured Company Liability.** The obligation of the Company to make payments hereunder to a Participant shall constitute an unsecured liability of the Company. Such payments shall be made from the general funds of the Company, and the Company shall not be required to establish or maintain any special or separate fund, to purchase or acquire life insurance on a Participant's life, or otherwise to segregate assets to assure that such payments shall be made. Neither a Participant nor any other person shall have any interest in any particular asset of the Company by reason of its obligations hereunder, and the right of any of them to receive payments under this Plan shall be no greater than the right of any other unsecured general creditor of the Company. Nothing contained in the Plan shall create or be construed as creating a trust of any kind or any other fiduciary relationship between the Company and a Participant or any other person.

13.2 **No Contract of Employment.** This Plan shall not be deemed to constitute a contract between the Company and any Participant or to be a consideration or an inducement for the service as a Director of any Participant. Nothing contained in this Plan shall be deemed to give any Participant the right to be retained as a Director regardless of the effect which any such cessation of service shall have upon him or her as a Participant in this Plan.

13.3 **Nonalienation of Benefits.** No benefit which shall be payable by this Plan to any person (including a Participant or his or her Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Administrator or Company, except to such extent as may be required by law.

13.4 **Designation of Beneficiary.** Each Participant shall file with the Company a notice in writing, in a form acceptable to the Board, designating one or more Beneficiaries to whom payments becoming due by reason of or after his or her death shall be made. Participants shall have the right to change the Beneficiary or Beneficiaries so designated from time to time; provided, however, that no such change shall become effective until received in writing and acknowledged by the Company.

13.5 **Payment to Incompetents.** The Company shall make the payments provided herein directly to the Participant or Beneficiary entitled thereto or, if such Participant or Beneficiary has been determined by a court of competent jurisdiction to be mentally or physically incompetent, then payment shall be made to the duly appointed guardian, committee or other authorized representative of such Participant or Beneficiary. The Company shall have the right to make payment directly to a Participant or Beneficiary until it has received actual notice of the physical or mental incapacity of such Participant or Beneficiary and actual notice of the appointment of a duly authorized representative of his or her estate. Any payment to or for the benefit of a Participant or Beneficiary shall be a complete discharge of all liability of the Company therefor.

13.6 **Authority to Establish a Trust.** The Company shall have the right at any time to establish a trust to which the Company may transfer from time to time certain assets to be used by the trustee of such trust to satisfy some or all of the Company’s obligations and liabilities under the Plan. All assets held by such trust shall be subject to the claims of the Company’s creditors in the event of the Company’s Insolvency (as defined herein). The Company shall be considered Insolvent for purposes of said trust if: (a) the Company is unable to pay its debts as they become due; or (b) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Act.

13.7 **Binding Effect.** Obligations incurred by the Company pursuant to this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant, his or her Beneficiaries, personal representatives, heirs, and legatees.

13.8 **Entire Plan.** This document and any amendments hereto contain all the terms and provisions of the Plan and shall constitute the entire Plan, any other alleged terms or provisions being of no effect.

13.9 **Merger, Consolidation or Acquisition.** In the event of a merger or consolidation of the Company with another corporation or entity, or the sale or lease of all or substantially all of the Company’s assets to another corporation or entity, or the acquiring of another corporation or entity of a right to elect at least 30% of the Board, then and in such event the obligation and responsibilities of the Company under this Plan shall be assumed by any such successor or acquiring corporation or entity, and all of the rights, privileges and benefits of the Participants hereunder shall continue.

Section 14 - Construction

14.1 **Construction of this Plan.** This Plan is intended to comply with the requirements of section 409A of the Code and shall be construed and interpreted in accordance therewith in order to avoid the imposition of additional tax thereunder. This Plan shall otherwise be construed and enforced according to the laws of the Commonwealth of Pennsylvania, other than its laws respecting choice of law.

14.2 **Enforceability.** If any term or condition of this Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, and such term or condition except to such extent or in such application, shall not be affected thereby, and each and every term and condition of the Plan shall be valid and enforced to the fullest extent and in the broadest application permitted by law.

14.3 **Number.** Wherever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

14.4 **Headings.** The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

14.5 **Uniformity.** All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflict between the terms of this Plan and any summaries or other descriptions of this Plan, the Plan provisions shall control.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed in its name and behalf this 19 th day of November, 2008.

QUAKER CHEMICAL CORPORATION

By:	/s/ D. Jeffry Benoliel
Name:	D. Jeffry Benoliel
Title:	VP-Global Strategy, General Counsel & Corporate Secretary

Exhibit 10.60

AMENDMENT NO. 1
TO THE
QUAKER CHEMICAL CORPORATION
2001 GLOBAL ANNUAL INCENTIVE PLAN

(As Amended and Restated effective January 1, 2006)

WHEREAS, Quaker Chemical Corporation (the "Company") maintains the Quaker Chemical Corporation 2001 Global Annual Incentive Plan as amended and restated effective January 1, 2006 (the "Plan");

WHEREAS, under Article VIII of the Plan, the Board of Directors is authorized to amend the Plan, including an amendment that may adversely affect participants if the Compensation/Management Development Committee (the "Committee") determines that the amendment is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Internal Revenue Code; and

WHEREAS, the Committee recommends that the Board of Directors adopt this Amendment No. 1 to reflect final regulations under Section 409A of the Internal Revenue Code;

NOW THEREFORE, the Plan is hereby amended effective January 1, 2008 as follows:

1. Section 1.14 is amended to read as follows:

1.14 "Short-Term Deferral Date" shall mean, with respect to bonus compensation payable for a Performance Period, a date within the 2 $^{1}/_{2}$ month period immediately following the last day of such Performance Period; provided that such period (measured from the last day of the period) shall be less than 2 $^{1}/_{2}$ months to the extent necessary to cause such period to be within one calendar year. A Participant shall have no right to interest as a result of payment on a date after the first day of such period. Notwithstanding the foregoing, for purposes of determining the date the bonus award "would otherwise be payable" under Section 5.1 and the "payment date" under Section 4.1(c), the date the bonus award is actually paid to similarly situated Participants with respect to the Performance Period shall be determinative, and not the Short-Term Deferral Date.

2. Article V is amended by revising Section 5.4 and adding a new Section 5.5 to the end thereof to read as follows:

5.4 Change in Control. Notwithstanding any provision of the Plan to the contrary, in the event of a Change in Control (as defined in the Quaker Chemical Corporation 2006 Long-Term Performance Incentive Plan), each Participant who is employed by the Company on the day before such Change in Control shall be paid (a) any bonus with respect to any Performance Period ending prior to such Change in Control (based on achievement during such Period) that has not been paid to the Participant, such payment to be made on the Short-Term Deferral Date for such Performance Period, and (b) with respect to the Performance Period in which such Change in Control occurs, the amount of the bonus that would have been payable had the target level of performance been achieved for such Performance Period, such payment to be made on the Short-Term Deferral Date for such Performance Period.

5.5 Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if a Participant is a specified employee (as defined in Treas. Reg. §1.409A-1(i)), any payment or benefit under this Plan that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is separation from service (as defined in Treas. Reg. §1.409A-1(h)) shall not be made or provided to the Participant before the date that is six months after the date of the Participant's separation from service. Any payment or benefit that is delayed pursuant to this Section 5.5 shall be made or provided on the first business day of the seventh month following the month in which the Participant's separation from service occurs. With respect to any cash payment delayed pursuant to this Section 5.5, the delayed payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Participant's separation from service (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 5.5 through the date payment is made. The provisions of this Section 5.5 shall apply only to the extent required to avoid a Participant's incurrence of any additional tax or interest under Section 409A of the Code. To the extent any payment or benefit under the Plan constitutes deferred compensation subject to Section 409A of the Code, this Plan is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

IN WITNESS WHEREOF, Quaker Chemical Corporation has caused these presents to be duly executed on this 19th day of November, 2008.

QUAKER CHEMICAL CORPORATION

Attest: /s/ Irene M. Kisleiko

By: /s/ D. Jeffry Benoliel
Name: D. Jeffry Benoliel
Title: VP-Global Strategy, General Counsel & Corp. Sec.

AMENDMENT NO. 1
TO THE
QUAKER CHEMICAL CORPORATION
2006 LONG-TERM PERFORMANCE INCENTIVE PLAN

(As Amended and Restated effective November 8, 2006)

WHEREAS, Quaker Chemical Corporation (the "Company") maintains the Quaker Chemical Corporation 2006 Long-Term Performance Incentive Plan as amended and restated effective November 8, 2006 (the "Plan");

WHEREAS, under Section 2.6 of the Plan, the Board of Directors is authorized to amend the Plan, including an amendment that may adversely affect participants if the Compensation/Management Development Committee (the "Committee") determines that the amendment is necessary or appropriate to avoid the additional tax under Section 409A(a)(1)(B) of the Internal Revenue Code; and

WHEREAS, the Committee recommends that the Board of Directors adopt this Amendment No. 1 to reflect final regulations under Section 409A of the Internal Revenue Code;

NOW THEREFORE, the Plan is hereby amended effective January 1, 2008 as follows:

1. Section 2.1(y) is amended to read as follows:

(y) "Short-Term Deferral Date" means (i) with respect to a Performance Stock Unit or Performance Incentive Unit, a date within the 2 1/2 month period immediately following the last day of the Performance Period for which such Award was made; provided that such period (measured from the last day of the period) shall be less than 2 1/2 months to the extent necessary to cause such period to be within one calendar year, and (ii) with respect to a Restricted Stock Unit that is not a Performance Stock Unit, a date within the 2 1/2 month period immediately following the last day of the calendar year in which the Unit is no longer subject to a substantial risk of forfeiture. A Participant shall have no right to interest as a result of payment on a date after the first day of such period. Notwithstanding the foregoing, for purposes of determining the date payment "would otherwise be made" with respect to a Performance Incentive Unit under Sections 8.3 and 9.4, the date payment is actually made to similarly situated Participants with respect to the Performance Period shall be determinative, and not the Short-Term Deferral Date.

2. Article 11 is amended by adding a new Section 11.4 to the end thereof to read as follows:

11.4 <u>Code Section 409A</u>. Notwithstanding any provision of this Plan to the contrary, if a Participant is a specified employee (as defined in Treas. Reg. §1.409A-1(i)), any payment or benefit under this Plan that constitutes deferred compensation subject to Code Section 409A and for which the payment event is separation from service (as defined in Treas. Reg. §1.409A-1(h)) shall not be made or provided to the Participant before the date that is six months after the date of the Participant's separation from service. Any payment or benefit that is delayed pursuant to this Section 11.4 shall be made or provided on the first business day of the seventh month following the month in which the Participant's separation from service occurs. With respect to any cash payment delayed pursuant to this Section 11.4, the delayed payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the date of the Participant's separation from service (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for this Section 11.4 through the date payment is made. The provisions of this Section 11.4 shall apply only to the extent required to avoid a Participant's incurrence of any additional tax or interest under Code Section 409A. To the extent any payment or benefit under the Plan constitutes deferred compensation subject to Code Section 409A, this Plan is intended to comply with Code Section 409A and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Code Section 409A.

IN WITNESS WHEREOF, Quaker Chemical Corporation has caused these presents to be duly executed on this 19th day of November, 2008.

QUAKER CHEMICAL CORPORATION

Attest: /s/ Irene M. Kisleiko

By: /s/ D. Jeffry Benoliel
Name: D. Jeffry Benoliel
Title: VP-Global Strategy, General Counsel
& Corporate Secretary

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (the "Third Amendment"), dated as of February 13, 2009, is by and among Quaker Chemical Corporation, a Pennsylvania corporation (the "Company"), each of the Designated Borrowers party hereto, each of Lenders party hereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and ABN Amro Bank, N.V., as Syndication Agent. Capitalized terms used and not otherwise defined in this Third Amendment shall have the respective meanings ascribed to them in the Credit Agreement (as defined below).

WHEREAS, the parties hereto entered into that certain Credit Agreement dated as of October 14, 2005, as amended by the First Amendment to Credit Agreement dated as of October 6, 2006 and the Second Amendment to Credit Agreement dated as of August 13, 2007 (as the same may be modified and amended from time to time, including by the Third Amendment, the "Credit Agreement"); and

WHEREAS, the Company has requested, and the other parties hereto have agreed to amend certain provisions of the Credit Agreement on the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 of this Third Amendment, the Credit Agreement is hereby amended as follows, effective as of the Third Amendment Effective Date, except as otherwise expressly set forth herein:

(a) Amended Definitions. Section 1.01 of the Credit Agreement is amended by amending and restating the following definitions, to read in their entireties as follows:

"Applicable Rate" means the following rate, expressed in basis points per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

Applicable Rate

Pricing Level	Consolidated Leverage Ratio	Commitment Fee (in bps)	Margin for Eurocurrency Rate + Letters of Credit (in bps)	Margin for Base Rate + (in bps)
1	<2.00:1	30.0	225.0	0.0
2	^{3}2.00:1 but <3.00:1	40.0	250.0	25.0
3	^{3}3.00:1	50.0	275.0	50.0

provided that in no event shall the Eurocurrency Rate plus the Applicable Rate be less than two and one-half percent (2.5%) per annum. Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 3 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered until the first Business Day after the date on which such Compliance Certificate is delivered; and provided further, that if a Compliance Certificate is incorrect when delivered to Administrative Agent, the Administrative Agent may adjust the Applicable Rate to the correct pricing level after learning of the incorrect calculations in the Compliance Certificate, even for previously-delivered Compliance Certificates. The Applicable Rate in effect from the Closing Date through the first Business Day on which the first Compliance Certificate is required to be delivered pursuant to Section 6.02(b) hereof shall be determined based upon Pricing Level 2.

If the Company shall fail to provide the quarterly and annual financial information and certifications in accordance with the provisions of Sections 6.01 and 6.02, the Applicable Rate shall, on the first Business Day after the date by which the Company was so required to provide such financial information and certifications to the Administrative Agent, be based on Pricing Level 3 until such time as such information and certifications are provided, whereupon the Level shall be determined by the then current Leverage Ratio. In the event that any financial statement or compliance certificate delivered pursuant to Sections 6.01 or 6.02 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of an Applicable Rate for any period (an “Applicable Period”) higher than the Applicable Rate applied for such Applicable Period, and only in such case, then the Company shall immediately (i) deliver to the Administrative Agent a corrected compliance certificate for such Applicable Period, (ii) determine the Applicable Rate for such Applicable Period based upon the corrected compliance certificate, and (iii) immediately pay to the Administrative Agent the accrued additional interest owing as a result of such increased Applicable Rate for such Applicable Period. This provision is in addition to any and all other rights of the Administrative Agent and Lenders pursuant to this Agreement.

“Base Rate” means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1%; (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate” and (c) the Eurocurrency Rate for one-month Dollar deposits on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“Consolidated EBITDA” means, for any period, for the Company and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges for such period; (ii) the provision for Federal, state, local and foreign income taxes includable in Net Income for such period including, without limitation, Permitted Non-Cash Reversals; (iii) depreciation and amortization expense; (iv) non-cash charges in respect of any write down of assets taken in the ordinary course of business; (v) commencing on January 1, 2006, non-cash compensation expenses related to the application of financial accounting standard (FAS) 123-R; (vi) charges taken to Consolidated Net Income in an aggregate amount not to exceed $7,500,000 as a result of the Permitted Environmental Obligations; (vii) non-cash compensation expenses not included under FAS 123-R, including stock grants and contributions of stock to a 401(k) or defined contribution pension plan; (viii) items expensed pursuant to FAS 141-R and FAS 160 that were previously capitalized under GAAP, including investment banking and legal fees (provided that such add backs shall not exceed One Million Dollars ($1,000,000) in the aggregate in any fiscal year); (ix) Permitted Restructuring Charges relating to cost savings initiatives undertaken in fiscal years 2008, 2009 and 2010 (provided that such add backs shall not exceed Four Million Dollars ($4,000,000) in the aggregate for any such fiscal year); and (x) chief executive officer transition costs that have been or will be incurred in fiscal years 2008, 2009 and 2010 (the "Subject Period") that are "one-time" in nature and retroactive to the first fiscal quarter of 2008 (provided that such add backs shall not exceed: (A) Two Million Dollars ($2,000,000) in the aggregate in any fiscal year and (B) Four Million Dollars ($4,000,000) in the aggregate for the entire Subject Period; and minus (b) the following to the extent included in calculating such Consolidated Net Income: (x) Federal, state, local and foreign income tax credits of the Company and its Subsidiaries for such period and (y) non-cash items increasing Consolidated Net Income in respect of any write up of assets taken in the ordinary course of business. Calculations of Consolidated EBITDA shall give effect, on a *pro forma* basis, to all Permitted Acquisitions and Dispositions permitted under this Agreement made during the quarter or year to which the required compliance relates, as if such Permitted Acquisition or Disposition had been consummated on the first day of the applicable period.

"Permitted Acquisition" means any purchase of or investments in the capital stock or other equity or assets of any entity by any Borrower or any Subsidiary:

(a) provided that the sum of the aggregate purchase price and the aggregate amount of all such acquisitions and investments does not exceed: (i) $75,000,000 in the aggregate in total consideration (including cash and non-cash consideration) incurred in any fiscal year and (ii) $50,000,000 in the aggregate in cash consideration paid in any fiscal year.

(b) provided that if after giving effect to such acquisitions and any related dispositions of assets purchased in connection therewith, the Borrower or Subsidiary is in compliance with Section 7.07 (Change in Nature of Business);

(c) provided that the aggregate value of all "Unrelated Lines of Business" acquired and continuing to be held after the Closing Date pursuant to Permitted Acquisitions does not exceed the Material Amount;

(d) provided that no Default has occurred and is continuing; and

(e) if, after giving effect to such acquisition, including without limitation, recalculating the covenants set forth in Section 7.11 and 7.12 on a pro forma basis, including the stock or assets and concomitant liabilities then being acquired, the applicable Borrower will not be in default under any provision of any of the Credit Documents.

(b) Additional Definitions. Section 1.01 of the Credit Agreement is further amended by adding the following additional definitions thereto, to read in their entireties as follows:

> "Third Amendment" means that certain Third Amendment to Credit Agreement dated as of February __, 2009, by and among, *inter alia*, the Company, the Designated Borrowers, the Lenders, and the Administrative Agent.
>
> "Third Amendment Documents" means the Third Amendment, and any other documents, agreements or instruments executed and delivered in connection therewith.
>
> "Third Amendment Effective Date" has the meaning set forth in Section 2 of the Third Amendment.

(c) Deleted Definition. Section 1.01 of the Credit Agreement is further amended by deleting in its entirety the definition of "Permitted Sale and Leaseback Transaction".

(d) Section 2.02(e) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

> "(e) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than eight (8) Interest Periods in effect with respect to Committed Loans."

(e) Section 7.11(b) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

> "(b) **Consolidated Leverage Ratio.** Permit the Consolidated Leverage Ratio at any time during the applicable period set forth below to exceed the applicable amounts set forth below, during any period of four fiscal quarters of the Company on a rolling basis:

Fiscal Quarter Ending	Maximum Consolidated Leverage Ratio
June 30, 2009 through September 30, 2009	4.00 to 1.00
December 31, 2009 through March 31, 2010	3.75 to 1.00
June 30, 2010 and thereafter	3.50 to 1.00

Section 2. Conditions of Effectiveness. This Third Amendment shall become effective as of the date (the "Third Amendment Effective Date") when:

(a) the Administrative Agent shall have received (i) counterparts of this Third Amendment executed by each of the Borrowers, the Required Lenders and, acknowledged by the Administrative Agent and (ii) the Third Amendment Documents executed by the parties thereto;

(b) the Company shall have paid to the Administrative Agent and/or Banc of America Securities LLC ("BAS") those fees as set forth in that certain Fee Letter between the Company, the Administrative Agent and BAS dated January 26, 2009 (the "Fee Letter"), including without limitation an upfront fee for the account of each Lender executing this Third Amendment in the amount of 0.50% of such Lender's Commitment.

(c) the Company shall have paid all reasonable out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of counsel to the Administrative Agent invoiced to the Company in reasonable detail) incurred in connection with this Third Amendment and invoiced prior to the time the condition in clause (a) above is satisfied; and

(d) no Default shall have occurred and be continuing, or would occur as a result of the transactions contemplated by this Third Amendment.

Section 3. Representations and Warranties of the Borrowers. Each of the Borrowers represents and warrants as follows:

(a) The execution, delivery and performance by each Borrower of the Third Amendment Documents, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party (other than this Third Amendment or the Fee Letter) or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) assuming each of the Lenders is a Professional Market Party, violate any Law. Each Borrower and each Subsidiary thereof is in compliance with all Contractual Obligations referred to in clause (b)(i), except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) The representations and warranties of (i) the Borrowers contained in Article V of the Credit Agreement and (ii) each Borrower contained in each other Loan Document, shall be true and correct in all material respects on and as of the Third Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 (Financial Statements; No Material Adverse Effect; No Internal Control Event) shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 (Financial Statements).

(c) The Third Amendment Documents, when delivered hereunder, will have been, duly executed and delivered by each Borrower. The Third Amendment Documents, when so delivered, will constitute, a legal, valid and binding obligation of such Borrower, enforceable against each Borrower in accordance with its terms, except to the extent that such enforceability may be limited by bankruptcy, receivership, moratorium, conservatorship, or other laws of general application affecting the rights of creditors generally or by general principles of equity.

(d) The execution, delivery and performance of the Third Amendment Documents by each Borrower does not require the obtaining of any consent under any material agreement or instrument by which any Borrower or its property may be bound.

(e) As of the Third Amendment Effective Date, after giving effect to this Third Amendment, no Default has occurred and is continuing.

Section 4. Reference to and Effect on the Loan Documents.

(a) On and after the effectiveness of this Third Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Third Amendment Documents.

(b) Each Borrower hereby: (i) ratifies and affirms all the provisions of the Credit Agreement, as amended by the Third Amendment, and all the provisions of each of the other Loan Documents, as amended by the Third Amendment Documents; and (ii) agrees that the terms and conditions of the Credit Agreement, as amended by the Third Amendment and all of the other Loan Documents, as amended by the Third Amendment Documents, shall continue in full force and effect as supplemented and amended hereby.

(c) The execution, delivery and effectiveness of the Third Amendment Documents shall not, except as expressly set forth herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents, or any right, power or remedy of the Administrative Agent or the Lenders under the Loan Documents; nor shall same be construed as or shall operate as a course of conduct or course of dealing among the parties.

(d) All terms and provisions of this Third Amendment shall be for the benefit of and be binding upon and enforceable by the respective successors and permitted assigns of the parties hereto.

Section 5. Execution in Counterparts. This Third Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Third Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Third Amendment.

Section 6. GOVERNING LAW. THIS THIRD AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW IS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PRINCIPLES.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed as of the date first above written.

QUAKER CHEMICAL CORPORATION
(a Pennsylvania corporation)

By: /s/ Mark A. Featherstone
Name: Mark A. Featherstone
Title: VP, CFO & Treasurer

By: /s/ D. Jeffry Benoliel
Name: D. Jeffry Benoliel
Title: VP-Global Strategy, GC & Corp. Sec.

QUAKER CHEMICAL CORPORATION
(a Delaware corporation)

By: /s/ Mark A. Featherstone
Name: Mark A. Featherstone
Title: President and Treasurer

EPMAR CORPORATION

By: /s/ Craig E. Bush
Name: Craig E. Bush
Title: Vice President

QUAKER CHEMICAL B.V.

By: /s/ Mark A. Featherstone
Name: Mark A. Featherstone
Title: Attorney-in-Fact

QUAKER CHEMICAL EUROPE B.V.

By: /s/ Mark A. Featherstone
Name: Mark A. Featherstone
Title: Attorney-in-Fact

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Michael Strigel
Name: Michael Strigel
Title: Vice President

(Signature Page to Third Amendment to Credit Agreement)

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Michael Strigel
Name: Michael Strigel
Title: Vice President

(Signature Page to Third Amendment to Credit Agreement)

PNC BANK, N.A.

By: /s/ John W. LaValley
Name: John W. LaValley
Title: Senior Vice President

(Signature Page to Third Amendment to Credit Agreement)

CITIZENS BANK OF PENNSYLVANIA

By: ______________________________
Name:
Title:

(Signature Page to Third Amendment to Credit Agreement)

NATIONAL CITY BANK

By: /s/ Robert F. Balint
Name: Robert F. Balint
Title: Vice President

(Signature Page to Third Amendment to Credit Agreement)

ABN AMRO BANK N.V.

By: ______________________________

Name:

Title:

(Signature Page to Third Amendment to Credit Agreement)

SUBSIDIARIES AND AFFILIATES OF THE REGISTRANT

Name	Jurisdiction of Incorporation	Percentage of voting securities owned directly or indirectly by Quaker
*Quaker Chemical Corporation	Delaware, U.S.A.	100%
+*Quaker Chemical Management Inc.	Delaware, U.S.A.	100%
+SB Decking, Inc. (formerly Selby, Battersby &Co.)	Delaware, U.S.A.	100%
*AC Products, Inc.	California, U.S.A.	100%
*Epmar Corporation	California, U.S.A.	100%
+*Quaker QP, Inc.	Pennsylvania, U.S.A.	100%
*Quaker Automotive Italia, S.r.l.	Italy	100%
*Quaker Chemical Europe B.V.	Holland	100%
*Quaker Chemical B.V.	Holland	100%
*Quaker Chemical (China) Co. Ltd.	China	100%
*Quaker China Holdings B.V.	Holland	100%
*Quaker Chemical Canada Limited	Ontario, Canada	100%
*Quaker Chemical Hungary Ltd.	Hungary	100%
*Quaker Chemical Limited	United Kingdom	100%
*Quaker Chemical S.A.	France	100%
*Quaker Chemical, S.A.	Spain	100%
+*Quaker Denmark ApS	Denmark	100%
*Quaker Chemical S.A.	Argentina	100%
+*Quaker Chemical Participacoes, Ltda.	Brazil	100%
*Quaker Chemical Limited	Hong Kong	100%
*Quaker Chemical Holdings South Africa (Pty) Limited	Republic of South Africa	100%
*Quaker Italia, S.r.l.	Italy	100%
*Quaker Australia Holdings Pty. Limited	Victoria, Australia	100%
*Quaker Shanghai Trading Company Limited	China	100%
*Q2 Technologies, LLC	Nevada, U.S.A.	70%
*Quaker Chemical Industria e Comercio Ltda.	Brazil	100%
*Quaker Chemical Operacoes, Ltda.	Brazil	100%
*Wuxi Quaker Chemical Co., Ltd.	China	100%
*Quaker Chemical India Limited	India	55%
*Quaker Chemical (Australasia) Pty. Limited	New South Wales, Australia	51%
*Quaker Chemical South Africa (Pty.) Ltd.	Republic of South Africa	51%
*Quaker Chemical Corporation Mexico, S.A. de C.V.	Mexico	100%
*Quaker Chemical HR Mexico, S.A. de C.V.	Mexico	100%
**Quaker Park Associates, LP	Pennsylvania, U.S.A.	50%
**Nippon Quaker Chemical, Ltd.	Japan	50%
**Kelko Quaker Chemical, S.A.	Venezuela	50%
**TecniQuimia Mexicana S.A. de C.V.	Mexico	40%

+ A non-operating company.
* Included in the consolidated financial statements.
** Accounted for in the consolidated financial statements under the equity method.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Registration No. 333-155607) and on Form S-8 (Registration Nos. 033-54158, 333-88229, 333-48130, 333-58676, 333-65400, 333-104354, 333-115713 and 333-136648) of Quaker Chemical Corporation of our report dated March 5, 2009 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, PA
March 5, 2009

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF THE COMPANY PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Michael F. Barry, certify that:

1. I have reviewed this annual report on Form 10-K of Quaker Chemical Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2009

/s/ MICHAEL F. BARRY

Michael F. Barry
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Mark A. Featherstone, certify that:

1. I have reviewed this annual report on Form 10-K of Quaker Chemical Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2009

/s/ MARK A. FEATHERSTONE

Mark A. Featherstone
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned hereby certifies that the Form 10-K Annual Report of Quaker Chemical Corporation (the "Company") for the annual period ended December 31, 2008 filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 5, 2009

/s/ MICHAEL F. BARRY

Michael F. Barry
Chief Executive Officer of Quaker Chemical Corporation

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned hereby certifies that the Form 10-K Annual Report of Quaker Chemical Corporation (the "Company") for the annual period ended December 31, 2008 filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 5, 2009

/s/ MARK A. FEATHERSTONE

Mark A. Featherstone
Chief Financial Officer of Quaker Chemical Corporation