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

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

or

[_]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from to

Commission file number 0-7154

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

A Pennsylvania Corporation (State or other jurisdiction of incorporation or organization)	No. 23-0993790 (I.R.S. Employer Identification No.)
Elm and Lee Streets, Conshohocken, Pennsylvania (Address of principal executive offices)	19428 (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 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 [X] 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. [X]

State the aggregate market value of the voting stock held by non-affiliates of the Registrant. (The aggregate market value is computed by reference to the last reported sale on the New York Stock Exchange on March 9, 2001): $145,038,814.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of the latest practicable date: 8,929,576 shares of Common Stock, $1.00 Par Value, as of March 9, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement dated March 30, 2001 in connection with the Annual Meeting of Shareholders to be held on May 9, 2001 are incorporated into Part III.

PART I

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

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

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

Item 1. Business.

General Description

Quaker develops, produces, and markets a broad range of formulated chemical specialty products for various heavy industrial and manufacturing applications and, in addition, offers and markets chemical management services. Quaker's principal products and services include: (i) rolling lubricants (used by manufacturers of steel in the hot and cold rolling of steel and by manufacturers of aluminum in the cold rolling of aluminum); (ii) corrosion preventives (used by steel and metalworking customers to protect metal during manufacture, storage, and shipment); (iii) metal finishing compounds (used to prepare metal surfaces for special treatments such as galvanizing and tin plating and to prepare metal for further processing); (iv) machining and grinding compounds (used by metalworking customers in cutting, shaping, and grinding metal parts which require special treatment to enable them to tolerate the manufacturing process); (v) forming compounds (used to facilitate the drawing and extrusion of metal products); (vi) 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 products; (ix) construction products such as flexible sealants and protective coatings for various applications; and (x) programs to provide chemical management services.

On May 31, 2000, Quaker completed the sale of its U.S. pulp and paper business which developed, produced and marketed paper production products used as defoamers, release agents, softeners, debonders and dispersants. For additional information see Note 12 of Notes to Consolidated Financial Statements, which appears in Item 8 of this report.

A substantial portion of Quaker's sales worldwide are made directly through its own sales force with the balance being handled through distributors and agents. Quaker sales persons visit the plants of customers regularly and, through training and experience, identify production needs which can be resolved or alleviated either by adapting Quaker's existing products or by applying new formulations developed in Quaker's laboratories. In 2000, certain products were also sold in Canada and Korea by licensees under long-term royalty agreements. Generally, separate manufacturing facilities of a single customer are served by different sales personnel.

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

Competition

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

Major Customers and Markets

During 2000, Quaker's five largest customers (each composed of multiple subsidiaries or divisions with semi-autonomous purchasing authority) accounted for approximately 13.0% of its consolidated net sales with the largest of these customers accounting for 4.0% of consolidated net sales. Furthermore, a significant portion of Quaker's revenues are realized from the sale of process fluids to manufacturers of steel, automobiles, appliances, and durable goods, and, therefore, Quaker is subject to the same business cycles as those experienced by these manufacturers and their customers.

Raw Materials

Quaker uses over 500 raw materials, including mineral oils, fats and fat derivatives, ethylene derivatives, solvents, surface active agents, chlorinated paraffinic compounds, and a wide variety of organic and inorganic compounds. In 2000, only one raw material accounted for as much as 10% of the total cost of Quaker's raw material purchases. Many of the raw materials used by Quaker are "commodity" chemicals, and, therefore, Quaker's earnings can be affected by market changes in raw material prices. Quaker has multiple sources of supply for most materials, and management believes that the failure of any single supplier would not have a material adverse effect upon its business. Reference is made to disclosure contained in Item 7A of this Report.

Patents and Trademarks

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

Research and Development--Laboratories

Quaker's research and development laboratories are directed primarily toward applied research and development since the nature of Quaker's business requires continuing modification and improvement of formulations to provide chemical specialties to satisfy customer requirements. Research and development costs are expensed as incurred. Company-sponsored research and development expenses during 2000, 1999, and 1998 were $8.5 million, $8.5 million, and $9.6 million, respectively.

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

Most of Quaker's subsidiaries and associated companies also have laboratory facilities. Although not as complete as the Conshohocken or Uithoorn 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 environmental experts, as well as ongoing inspections by on-site personnel. Such inspections are addressed to operational matters, record keeping, reporting requirements, and capital improvements. In 2000, capital expenditures directed solely or primarily to regulatory compliance amounted to approximately $2.8 million compared to $1.7 million and $1.1 million in 1999 and 1998, respectively.

Number of Employees

On December 31, 2000, Quaker's consolidated companies had 943 full-time employees of whom 379 were employed by the parent company and its U.S. subsidiaries and 564 were employed by its non-U.S. subsidiaries. Associated companies of Quaker (in which it owns 50% or less) employed 205 people on December 31, 2000.

Product Classification

The Company's reportable segments are as follows:

(1) Metalworking process chemicals--products used as lubricants for various heavy industrial and manufacturing applications.

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

(3) Other chemical products--primarily chemicals used in the manufacturing of paper as well as other various chemical products.

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 other foreign currencies, and the impact of those currency fluctuations on the underlying economies. Reference is made to disclosure contained in Item 7A of this Report.

Item 2. Properties.

Quaker's corporate headquarters and a laboratory facility are located in Conshohocken, Pennsylvania. Quaker's other principal facilities are located in Detroit, Michigan; Woodchester, England; Uithoorn, The Netherlands; Villeneuve, France; Santa Perpetua de Mogoda, Spain; Rio de Janeiro, Brazil; and Wuxi, China. With the exception of the Conshohocken site, which is owned by a real estate joint venture of which Quaker is a 50% partner (the "Real Estate Venture"), all of these principal facilities are owned by Quaker. On December 31, 2000, all of the aforementioned principal facilities, including the Conshohocken site, were mortgage free. Quaker also leases small sales, laboratory and warehouse facilities in other locations. Financing for the laboratory facility in Conshohocken, was arranged through the use of industrial revenue and development bonds with an outstanding balance at December 31, 2000 of $5.0 million. In January 2001, Quaker contributed the entire Conshohocken site to the Real Estate Venture. The Real Estate Venture was organized to renovate certain of the existing buildings at the site as well as to build new office space, a portion of which will be leased to Quaker (new office space and renovated laboratory facilities), with the balance to be leased to unaffiliated third parties. Renovation is being funded by a construction loan secured in part by a mortgage on the Conshohocken site, which loan had an outstanding balance on March 16, 2001 of approximately $2.7 million.

Quaker's aforementioned principal facilities (excluding Conshohocken) consist of various manufacturing, administrative, warehouse, and laboratory buildings. Manufacturing and warehouse facilities located in Conshohocken, Pennsylvania, were closed in 1996 leaving just the administrative and laboratory buildings. Substantially all of the buildings are of fire-resistant construction and are equipped with sprinkler systems. All facilities are primarily of masonry and/or steel construction and are adequate and suitable for Quaker's present operations. The Company has a program to identify needed capital improvements which is implemented as management considers necessary or desirable. Most locations have various numbers of raw material storage tanks ranging from 7 to 66 each 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.

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. Incorporated herein by this reference is the information concerning pending asbestos-related cases against a non-operating subsidiary and amounts accrued associated with certain environmental investigatory and noncapital remediation costs in Note 13 of Notes to Consolidated Financial Statements which appears in Item 8 of this Report.

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

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

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

Set forth below are the executive officers of the Company, each elected for a one-year term:

Name, Age, and Present Position With the Company	Business Experience During Past Five Years and Period Served as an Officer
Ronald J. Naples, 55.................... Chairman of the Board and Chief Executive Officer, and Director	Mr. Naples was elected Chairman of the Board in May 1997 and Chief Executive Officer in October 1995. He also served as President of the Company from October 1995 until March 1998. Mr. Naples was elected a Director of the Company in 1988.
Joseph W. Bauer, 58..................... President and Chief Operating Officer	Mr. Bauer was elected President and Chief Operating Officer of the Company in March 1998. Previously, Mr. Bauer was employed by M. A. Hanna and was President of M. A. Hanna Color Division from 1996 to 1998.
Michael F. Barry, 42.................... Vice President, Chief Financial Officer and Treasurer	Mr. Barry was elected Vice President, Chief Financial Officer and Treasurer of the Company in November 1998. Previously, Mr. Barry was employed by Lyondell (formerly ARCO Chemical) where he held the position of Business Director for its Urethanes business throughout the Americas from 1997 to 1998 and where he also held a variety of financial and business positions from 1988 to 1997.
D. Jeffry Benoliel, 42.................. Vice President, Secretary and General Counsel	Mr. Benoliel was elected Vice President and General Counsel in January 2001. He was elected an officer of the Company in May 1998, at which time he assumed the office of Corporate Secretary in addition to being Director, Corporate Legal Affairs, a position he has held since May 1996. From 1995 to 1996, he was Manager, Corporate Legal Affairs. Mr. Benoliel is the son of Peter A. Benoliel, a Director of the Company.
Jose Luiz Bregolato, 55 .... Vice President and Managing Director-- South America	Mr. Bregolato was elected to his current position in 1993.

Name, Age, and Present Position With the Company	Business Experience During Past Five Years and Period Served as an Officer
Ian F. Clark, 56..................... Vice President and Global Industry Leader--Metalworking and Chemical Management Services	Mr. Clark was elected an officer of the Company in March 1999. He assumed his current position in January 2001. Previously, he was Vice President and Global Industry Leader--Steel/Fluid Power from March 1999 to December 2000. Prior to joining the Company, he was employed by Ciba Specialty Chemicals Corporation where he was President-Sales and Marketing, U.S. Pigments Division from 1990 to 1998 and, in addition, was General Manager for one of its global pigment segments from 1996 to 1998.
James A. Geier, 45................... Vice President--Human Resources	Mr. Geier was elected to his current position in November 1997. Previously, Mr. Geier held a variety of human resources positions at Rhone-Poulenc Rorer Pharmaceuticals, Inc. for a period of more than five years.
Mark Harris, 46...................... Vice President and Global Industry Leader--Steel/Fluid Power	Mr. Harris was elected to his current position in January 2001. From 1996 until he assumed his current position, Mr. Harris was Regional Industry Manager for the Company's Steel/Fluid Power business in Europe, the Middle East, and Africa.
Daniel S. Ma, 60..................... Vice President and Managing Director-- Asia/Pacific	Mr. Ma was elected to his current position in 1993.
Marcus C. J. Meijer, 53.............. Senior Vice President	Mr. Meijer was elected an officer of the Company in 1990. From July 1999 to December 2000, he was the Company's Senior Vice President and Global Industry Leader--Metalworking/CMS, and from 1990 to July 1999 he was Vice President--Europe.
Wilbert Platzer, 39.................. Vice President--Worldwide Operations	Mr. Platzer was elected to his current position in January 2001. From March 1996 to June 1999, he was Managing Director of Quaker Chemical B.V., the Company's Dutch affiliate, and from July 1999 until he assumed his current position he was Director of Operations--Europe.
Irving H. Tyler, 42 .... Vice President--Information Services and Chief Information Officer	Mr. Tyler was elected Vice President--Information Services and Chief Information Officer of the Company in January 2001. Previously, he was the Company's Director of Information Services and Chief Information Officer from July 1999 to January 2001; European Controller from August 1997 to July 1999; Director of Operations and Information Services from January 1997 to August 1997; Director of Finance, North American Operations from January 1995 through January 1997.

PART II

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

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

	Range of Quotations				Dividends Declared	
	2000		1999			
	High	Low	High	Low	2000	1999
First quarter	$17	$13 3/8	$18	$13 1/2	$.19 1/2	$.19
Second quarter	17 7/16	15 1/16	18 3/8	13 11/16	.19 1/2	.19
Third quarter	17 3/8	15 13/16	17 5/16	15 13/16	.20 1/2	.19 1/2
Fourth quarter	19 1/4	15 7/8	17 1/16	13 7/8	.20 1/2	.19 1/2

As of January 17, 2001 there were 868 shareholders of record of the Company's common stock, its only outstanding class of equity securities.

Item 6. Selected Financial Data.

The following table sets forth selected financial information for the Company:

	2000(/1/)	1999(/2/)	1998(/3/)	1997(/4/)	1996(/5/)
	(Dollars in thousands except per share amounts)				
Summary of Operations:					
Net sales	$267,570	$265,671	$264,453	$248,220	$247,100
Income (loss) before taxes	26,486	27,151	16,797	19,735	(3,997)
Net income (loss)	17,163	15,651	10,650	12,611	(7,599)
Per share:					
Net income (loss)-basic	1.94	1.76	1.21	1.45	(.88)
Net income (loss)-diluted	1.93	1.74	1.20	1.45	(.88)
Dividends	.80	.77	.74	.71	.69
Financial Position:					
Working capital	52,981	51,584	45,636	48,098	22,518
Total assets	188,161	182,213	191,403	172,463	165,608
Long-term debt	22,295	25,122	25,344	25,203	5,182
Shareholders' equity	84,907	81,199	83,735	74,976	73,566

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(1) The results of operations for 2000 include a net gain on exit of businesses of $1,016 after-tax and a litigation charge of $1,035 after-tax. Excluding these items, net income for 2000 was $17,182.
(2) The results of operations for 1999 include a net repositioning credit of $188 after-tax. Excluding this credit, net income for 1999 was $15,462.
(3) The results of operations for 1998 include net repositioning and integration charges of $2,882, after-tax and minority interest. Excluding these charges, net income for 1998 was $13,532.
(4) The results of operations for 1997 include a gain on the sale of the European pulp and paper business, $1,703 after-tax and a litigation charge of $2,000, $1,320 after-tax. Excluding these items, net income was $12,228.
(5) The results of operations for 1996 include special charges, $16,912 after-tax. Excluding these charges, net income for 1996 was $9,313.

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

Liquidity and Capital Resources

Net cash flow provided by operating activities amounted to $21.4 million in 2000 compared to $14.2 million in 1999. The increase principally resulted from increased net income, in addition to a decrease in the change in accounts receivable in 2000 versus 1999 and repositioning benefit payments of $2.1 million made in 1999.

Net cash used in investing activities decreased to $4.0 million in 2000 from $6.4 million in 1999. The decrease is primarily related to $5.2 million of proceeds received from the sale of the U.S. pulp and paper business, in addition to $1.0 million of proceeds related to the disposition of assets, partially offset by a $3.5 million contingent purchase payment related to the 1998 Brazilian acquisition.

Expenditures for property, plant, and equipment totaling $6.1 million in 2000 were consistent with 1999 levels and included upgrades of manufacturing capabilities at various locations, with $2.8 million for environmental and regulatory compliance in 2000 versus $1.7 million in 1999. Capital expenditures for 2001 are expected to be approximately $13.0 million and include various upgrades to manufacturing capabilities in the U.S. and Europe and an estimated $2.0 million for environmental and regulatory compliance. A significant amount of the 2001 increase is related to capital expenditures of approximately $3.0 million for a global transaction system implementation. In January 2001, the Company contributed the entire Conshohocken site to a real estate joint venture of which the Company is a 50% partner. The joint venture was organized to renovate certain of the existing buildings at the site as well as to build new office space, a portion of which will be leased to the Company, with the balance to be leased to unaffiliated third parties. The Company believes that funds generated internally should be sufficient to finance payments for capital expenditures.

Net cash flows used in financing activities were $8.8 million in 2000, compared with $7.4 million used in financing activities in 1999. The net change was primarily due to approximately $2.0 million paid to purchase shares of stock under the Company's stock repurchase program during 2000.

The Company has available $18.0 million in a line of credit and believes that additional bank borrowings could be negotiated at competitive rates, based on its debt-to-equity ratio and current levels of operating performance. The Company believes that in 2001, it is capable of supporting its operating requirements, payment of dividends to shareholders, possible acquisition opportunities, and possible resolution of contingencies (see Note 13 of Notes to Consolidated Financial Statements) through internally generated funds supplemented with debt as needed.

Operations

Comparison of 2000 with 1999

As discussed in Note 1 of the Notes to Consolidated Financial Statements, reclassifications which had no effect on net income have been made to previously reported sales and cost of sales data for all periods presented to include freight costs incurred and billed to customers in accordance with Emerging Issues Task Force No. 00-10, "Accounting for Shipping and Handling Fees and Costs."

Consolidated net sales for 2000 increased $1.9 million over 1999. The sales growth was the net result of a 5% increase in volume and a 3% improvement in price/mix, offset by a 5% negative impact from foreign currency translation. Also, the sale of the U.S. pulp and paper business in May 2000 unfavorably impacted the sales comparison by 2%. The improvement for the year was mainly attributable to metalworking process chemicals sales growth in Brazil and the Asia/Pacific region primarily due to strong demand from the steel industry, offset by reductions in the European region due to foreign currency translation and lower coatings segment revenues. Coatings segment revenues declined as a result of lower aircraft production.

Operating income decreased to $25.1 million in 2000 from $27.0 million (excluding the impacts of the repositioning and integration credit adjustments) in 1999. The decline was primarily due to a lower gross profit margin as a percentage of sales (41.9% for 2000 compared to 43.5% for 1999). This decrease is mainly a result of higher raw material costs.

Selling, general, and administrative costs in 2000 decreased approximately $1.8 million or 2% from 1999, reflecting the Company's continued cost containment programs and a positive foreign exchange impact. This decrease was offset by a $1.7 million additional reserve for doubtful accounts related to two U.S. steel customers which filed for bankruptcy protection under Chapter 11.

Minority interest was significantly higher in 2000, primarily due to higher net income from joint ventures in Brazil and China. Net interest expense was lower in 2000 reflecting increased interest income and lower overall short-term borrowings. Other income variance reflects lower license revenue and gains on fixed asset disposals.

The Company's effective tax rate in 2000 was 31% compared with 40% in 1999. The decrease in effective tax rate is primarily due to the implementation of several global tax planning initiatives, the most significant of which is related to the Company's net operating loss carryforward position in Brazil. The impact of the tax planning initiatives in Brazil is being magnified as these operations become more profitable. The Company is currently reviewing the effective rate for 2001, which is dependent on many internal and external factors, including but not limited to the profitability of the Company's foreign operations.

During 2000, the Company performed a comprehensive review of the strategic position of certain individual business units and related assets, and decided to exit certain businesses. Accordingly, the Company recorded valuation reserves for certain assets of $0.9 million and a pre-tax gain on the sale of its U.S. pulp and paper business of $2.4 million.

Comparison of 1999 with 1998

Consolidated net sales for 1999 increased $1.2 million over 1998 results, primarily due to increased metalworking process chemicals revenues in Brazil and Asia/Pacific, offset by reductions in the European region due to foreign currency translation and lower coatings segment revenues. Declines in the coatings segment were related to lower aircraft production.

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

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

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

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

The Company's effective tax rate of 40% is consistent with prior years.

General

The Company is involved in environmental clean-up activities and litigation in connection with an existing plant location and former waste-disposal sites (see Note 13 of Notes to Consolidated Financial Statements). During the second quarter of 2000, it was discovered during an internal environmental audit that AC Products, Inc. (ACP), a wholly owned subsidiary, had failed to properly report its air emissions. In response, an internal investigation of all environmental, health, and safety matters at ACP was conducted. ACP voluntarily disclosed these matters to regulators and took steps to correct all environmental, health, and safety issues discovered. In addition, ACP is involved in certain soil and groundwater remediation activities identified in prior years. The Company believes that the potential uninsured known liabilities associated with these matters approximate $1.5 million, for which the Company has sufficient reserves. Notwithstanding the foregoing, the Company cannot be certain that liabilities in the form of fines, penalties, and damages will not be incurred in excess of the amount reserved.

The Company does not currently 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 53% to 56% of the consolidated net annual sales (see Note 11 of Notes to Consolidated Financial Statements).

Repositioning and Integration Charges

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

The components of the 1998 pre-tax repositioning and integration charge included severance and other benefit costs of $4.0 million and early pension and postemployment benefits of $1.3 million. At the end of 1999, the Company had substantially implemented these initiatives and reversed approximately $314,000 of the original charge. The remaining repositioning and integration liability at December 31, 2000 of $244,000 was paid in January 2001 (see Note 2 of Notes to Consolidated Financial Statements). The liabilities for early pension and postemployment benefits are included in the Company's pension and postretirement benefits obligations (see Note 7 of Notes to Consolidated Financial Statements).

Euro

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency--the euro. The euro trades on currency exchanges and is used in business transactions. Beginning in January 2002, new euro-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. The Company's operating subsidiaries affected by the euro conversion have established plans to address the systems and business issues raised by the euro currency conversion. The Company anticipates that the euro conversion will not have a material adverse impact on its financial condition or results of operations.

Accounting for Derivative Instruments and Hedging Activities

In June 1998 and June 2000, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." These statements establish accounting and reporting standards requiring that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at fair value. SFAS Nos. 133 and 138 also require that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133, as amended by SFAS No. 138, is effective for fiscal years beginning after June 15, 2000. Quaker is not currently a party to any derivative financial instruments. Therefore, adoption of these new standards will not have a material impact on the Company's operating results or financial position.

Forward-Looking and Cautionary Statements

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

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

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

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

Interest Rate Risk. Quaker's exposure to market rate risk for changes in interest rates relates primarily to its short and long-term debt. Most of Quaker's long-term debt has a fixed interest rate, while its short-term debt is negotiated at market rates which can be either fixed or variable. Accordingly, if interest rates rise significantly, the cost of short-term debt to Quaker will increase. This can have a material adverse effect on Quaker depending on the extent of Quaker's short-term borrowings. As of December 31, 2000, Quaker had $27,000 in short-term borrowings.

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

In the past, Quaker has used, on a limited basis, forward exchange contracts to hedge foreign currency transactions and foreign exchange options to reduce exposure to changes in foreign exchange rates. The amount of any gain or loss on these derivative financial instruments was immaterial, and there are no contracts or options outstanding at December 31, 2000.

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

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
of Quaker Chemical Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of cash flows and of shareholders' equity present fairly, in all material respects, the financial position of Quaker Chemical Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, PA
March 9, 2001

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31,		
	2000	1999	1998
	(Dollars in thousands except per share amounts)		
Net sales	$267,570	$265,671	$264,453
Costs and expenses:			
Cost of goods sold	155,530	150,028	153,760
Selling, general, and administrative expenses	86,865	88,676	88,162
Net gain on exit of businesses	(1,473)	--	--
Litigation charge	1,500	--	--
Repositioning and integration (credit) charges	--	(314)	5,261
	242,422	238,390	247,183
Operating income	25,148	27,281	17,270
Other income, net	2,434	1,862	1,116
Interest expense	(2,030)	(2,486)	(2,151)
Interest income	934	494	562
Income before taxes	26,486	27,151	16,797
Taxes on income	8,211	10,860	6,719
	18,275	16,291	10,078
Equity in net income of associated companies	1,424	957	961
Minority interest in net income of subsidiaries	(2,536)	(1,597)	(389)
Net income	$ 17,163	$ 15,651	$ 10,650
Per share data:			
Net income--basic	$1.94	$1.76	$1.21
Net income--diluted	$1.93	$1.74	$1.20
Dividends	$ .80	$ .77	$ .74

See notes to consolidated financial statements.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEET

	December 31, 2000	December 31, 1999
	(Dollars in thousands except per share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 16,552	$ 8,677
Accounts receivable	54,401	55,132
Inventories	22,716	23,357
Deferred income taxes	4,977	4,843
Prepaid expenses and other current assets	4,535	4,232
Total current assets	103,181	96,241
Property, plant, and equipment, net	42,459	44,752
Intangible assets	17,370	15,994
Investments in associated companies	5,925	5,773
Deferred income taxes	9,914	9,688
Other assets	9,312	9,765
Total assets	$188,161	$182,213
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 2,914	$ 431
Accounts payable	21,762	22,350
Dividends payable	1,811	1,742
Accrued compensation	11,854	8,749
Other current liabilities	11,859	11,385
Total current liabilities	50,200	44,657
Long-term debt	22,295	25,122
Deferred income taxes	3,633	3,949
Accrued postretirement benefits	9,823	9,798
Other liabilities	8,926	9,370
Total liabilities	94,877	92,896
Minority interest in equity of subsidiaries	8,377	8,118
Commitments and contingencies		
Shareholders' equity		
Common stock, $1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares	9,664	9,664
Capital in excess of par value	746	832
Retained earnings	103,760	93,655
Accumulated other comprehensive loss	(16,714)	(11,378)
	97,456	92,773
Treasury stock, shares held at cost; 2000-812,646, 1999-729,986	(12,549)	(11,574)
Total shareholders' equity	84,907	81,199
Total liabilities and shareholders' equity	$188,161	$182,213

See notes to consolidated financial statements.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2000	1999	1998
	(Dollars in thousands)		
Cash flows from operating activities			
Net income	$17,163	$15,651	$ 10,650
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5,404	5,682	5,290
Amortization	1,408	1,274	1,821
Equity in net income of associated companies	(1,424)	(957)	(961)
Minority interest in earnings of subsidiaries	2,536	1,597	389
Deferred income taxes	(1,821)	1,031	(145)
Deferred compensation and other postretirement benefits	1,218	326	1,396
Net gain on exit of businesses	(1,473)	--	--
Litigation charge	1,500	--	--
Repositioning and integration (credit) charges	--	(314)	5,261
Other, net	596	926	--
Increase (decrease) in cash from changes in current assets and current liabilities, net of acquisitions and divestitures:			
Accounts receivable, net	(2,187)	(6,132)	(2,684)
Inventories	(650)	(644)	(1,149)
Prepaid expenses and other current assets	(1,596)	(400)	(1,879)
Accounts payable and accrued liabilities	(1,805)	(1,313)	(851)
Change in repositioning liabilities	(328)	(2,139)	(1,882)
Estimated taxes on income	2,852	(361)	(2,675)
Net cash provided by operating activities	21,393	14,227	12,581
Cash flows from investing activities			
Capital expenditures	(6,126)	(5,726)	(8,099)
Dividends from associated companies	625	615	1,096
Investments in and advances to associated companies	--	(28)	(621)
Payments related to acquisitions	(3,500)	--	(9,350)
Proceeds from sale of business	5,200	--	--
Proceeds from disposition of assets	1,006	88	70
Other, net	(1,249)	(1,302)	63
Net cash used in investing activities	(4,044)	(6,353)	(16,841)
Cash flows from financing activities			
Dividends paid	(6,989)	(6,817)	(6,526)
Net (decrease) increase in short-term borrowings	(290)	(689)	1,078
Long-term borrowings	--	--	483
Repayment of long-term debt	(28)	(409)	--
Treasury stock issued	810	557	1,588
Treasury stock repurchased	(1,961)	--	--
Other, net	(295)	--	--
Net cash used in financing activities	(8,753)	(7,358)	(3,377)
Effect of exchange rate changes on cash	(721)	(2,052)	(566)
Net increase (decrease) in cash and cash equivalents	7,875	(1,536)	(8,203)
Cash and cash equivalents at beginning of year	8,677	10,213	18,416
Cash and cash equivalents at end of year	$16,552	$ 8,677	$ 10,213
Supplemental cash flow disclosures			
Cash paid during the year for:			
Income taxes	$ 6,935	$10,310	$ 5,059
Interest	2,020	2,494	1,945

See notes to consolidated financial statements.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common stock	Capital in excess of par value	Retained earnings	Unearned compensation	Accumulated other comprehensive income (loss)	Treasury stock	Total
	(Dollars in thousands except per share amounts)						
Balance at December 31, 1997..	$9,664	$ 928	$ 80,749	$(528)	$ (874)	$(14,963)	$ 74,976
Net income..................	--	--	10,650	--	--	--	10,650
Currency translation adjustments................	--	--	--	--	1,788	--	1,788
Minimum pension liability...	--	--	--	--	(332)	--	(332)
Comprehensive income........	--	--	--	--	--	--	12,106
Dividends ($.74 per share)..	--	--	(6,526)	--	--	--	(6,526)
Shares issued upon exercise of options................	--	(339)	--	--	--	1,574	1,235
Shares issued for employee stock purchase plan........	--	90	--	--	--	395	485
Restricted stock............	--	231	--	528	--	700	1,459
Balance at December 31, 1998..	9,664	910	84,873	--	582	(12,294)	83,735
Net income..................	--	--	15,651	--	--	--	15,651
Currency translation adjustments................	--	--	--	--	(11,997)	--	(11,997)
Minimum pension liability...	--	--	--	--	37	--	37
Comprehensive income........	--	--	--	--	--	--	3,691
Dividends ($.77 per share)..	--	--	(6,869)	--	--	--	(6,869)
Shares issued upon exercise of options................	--	(3)	--	--	--	167	164
Shares issued for employee stock purchase plan........	--	(75)	--	--	--	553	478
Balance at December 31, 1999..	9,664	832	93,655	--	(11,378)	(11,574)	81,199
Net income..................	--	--	17,163	--	--	--	17,163
Currency translation adjustments................	--	--	--	--	(5,546)	--	(5,546)
Minimum pension liability...	--	--	--	--	210	--	210
Comprehensive income........	--	--	--	--	--	--	11,827
Dividends ($.80 per share)..	--	--	(7,058)	--	--	--	(7,058)
Shares acquired under repurchase program.........	--	--	--	--	--	(1,961)	(1,961)
Shares issued upon exercise of options................	--	(54)	--	--	--	613	559
Shares issued for employee stock purchase plan........	--	(32)	--	--	--	373	341
Balance at December 31, 2000..	$9,664	$ 746	$103,760	--	$(16,714)	$(12,549)	$ 84,907

See notes to consolidated financial statements.

Note 1--Significant Accounting Policies

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

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

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

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

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

Intangible assets: Intangible assets consist of goodwill and other intangibles arising from acquisitions which are being amortized on a straight-line basis over various periods not exceeding 40 years. The realizability and period of benefit of goodwill is evaluated periodically to assess recoverability and, if warranted, impairment or adjustment of the period benefited would be recognized. At December 31, 2000 and 1999, accumulated amortization amounted to $6,032 and $5,532, respectively.

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

Research and development costs: Research and development costs are expensed as incurred. Company sponsored research and development expenses during 2000, 1999, and 1998 were $8,496, $8,524, and $9,550, respectively.

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

The Company sells its principal products to major steel, automotive, and related companies around the world. The Company maintains allowances for potential credit losses. The allowance for doubtful accounts was $2,960 in 2000 and $1,133 in 1999. Historically, the Company has experienced some losses related to bankruptcy proceedings of major steel companies in the U.S. Prior to 2000, such losses have not been material. In 2000, the Company recorded an allowance of $1,672 related to two U.S. steel customers which filed for bankruptcy protection under Chapter 11.

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

Comprehensive income: The Company presents the components of comprehensive income in its Statement of Shareholders' Equity. The accumulated currency translation adjustments and minimum pension liability included in accumulated other comprehensive loss were $15,963 and $751 at December 31, 2000, respectively, and $10,417 and $961 at December 31, 1999, respectively. The change in currency translation adjustment during 2000 is due to currency fluctuations, primarily between the U.S. dollar, the Brazilian real and the E.U. euro. The change in currency translation adjustment in 1999 is mainly related to the Brazilian acquisition (see Note 12).

Recently Issued Accounting Standards: In June 1998 and June 2000, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." These statements establish accounting and reporting standards requiring that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at fair value. SFAS Nos. 133 and 138 also require that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133, as amended by SFAS No. 138, is effective for fiscal years beginning after June 15, 2000. The adoption of these new standards is not expected to have a material impact on the Company's operating results or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101) "Revenue Recognition in Financial Statements", which clarifies certain existing accounting principles for the timing of revenue recognition and its classification in the financial statements. The implementation of SAB 101 in the fourth quarter of 2000 did not have a material effect on the Company's financial statements.

In July 2000, the Emerging Issues Task Force (EITF) of the FASB issued EITF No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which addresses the income statement classification of shipping and handling fees and costs. As a result of implementing EITF No. 00-10, the Company now classifies as revenues certain freight charges billed to customers and has restated prior years' revenues and cost of sales in accordance with this guidance. Implementation of EITF No. 00-10 had no impact on earnings.

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.

(Dollars in thousands except per share amounts)

Reclassifications: Certain reclassifications of prior years' data have been made to improve comparability and to comply with EITF No. 00-10.

Note 2--Repositioning and Integration Charges

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

The components of the 1998 pre-tax repositioning and integration charge included severance and other benefit costs of $3,990 and early pension and other postretirement benefits of $1,271. At the end of 1999, the Company had substantially implemented these initiatives and reversed approximately $314 of the original charge. The remaining severance and other benefit costs liability balance at December 31, 2000 of $244 was paid in January 2001. The liabilities for early pension and other postretirement benefits are included in the Company's pension and postretirement benefits obligations (see Note 7).

The components of pre-tax charges incurred in 1998, as well as balances remaining at December 31, 2000, were as follows:

1998 repositioning and integration charges for severance, other employee benefits and integration costs	$3,990
Benefit payments in 1998	(965)
Benefit payments in 1999	(2,139)
1999 adjustment	(314)
Benefit payments in 2000	(328)
Remaining liability at December 31, 2000	$ 244

Note 3--Investments in Associated Companies

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

	December 31,	
	2000	1999
Current assets	$26,999	$28,983
Noncurrent assets	5,391	6,648
Current liabilities	13,763	16,091
Noncurrent liabilities	4,776	4,676

	Year Ended December 31,		
	2000	1999	1998
Net sales	$57,460	$54,224	$50,542
Gross margin	21,227	20,377	18,893
Operating income	5,226	5,821	5,963
Net income	2,004	2,196	2,367

(Dollars in thousands except per share amounts)

Note 4--Inventories

Total inventories comprise:

	December 31, 2000	December 31, 1999
Raw materials and supplies	$11,872	$12,140
Work in process and finished goods	10,844	11,217
	$22,716	$23,357

Inventories valued under the LIFO method amounted to $6,497 and $6,380 at December 31, 2000 and 1999, respectively. The estimated replacement costs for these inventories using the FIFO method were approximately $6,287 and $5,929, respectively.

Note 5--Property, Plant, and Equipment

Property, plant, and equipment comprise:

	December 31, 2000	December 31, 1999
Land	$ 5,670	$ 5,437
Building and improvements	33,881	34,696
Machinery and equipment	65,844	65,542
Construction in progress	2,639	3,249
	108,034	108,924
Less accumulated depreciation	65,575	64,172
	$42,459	$44,752

Note 6--Taxes on Income

Taxes on income consist of the following:

	Year Ended December 31, 2000	1999	1998
Current:			
Federal	$ 2,411	$ 3,528	$ 1,294
State	145	85	145
Foreign	7,476	6,216	5,425
	10,032	9,829	6,864
Deferred:			
Federal	(1,337)	522	(1,016)
Foreign	(484)	509	871
Total	$ 8,211	$ 10,860	$ 6,719

(Dollars in thousands except per share amounts)

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

	2000		1999	
	Current	Non-current	Current	Non-current
Retirement benefits	$ 13	$ --	$ 155	$ --
Allowance for doubtful accounts	560	--	180	--
FRS impairment	--	1,836	--	1,836
Insurance and litigation reserves	670	--	1,523	--
Postretirement benefits	--	3,102	--	3,082
Supplemental retirement benefits	--	802	--	772
Performance incentives	2,637	722	1,790	102
Alternative minimum tax carryforward	--	396	--	743
Repositioning charges	1,097	2,873	1,195	2,873
Operating loss carryforward	--	1,222	--	1,618
Other	--	183	--	280
Valuation allowance	--	(1,222)	--	(1,618)
Total deferred tax assets	$4,977	$ 9,914	$4,843	$ 9,688
Depreciation		$ 3,467		$ 2,944
Sale of business		--		916
Other		166		89
Total deferred tax liabilities		$ 3,633		$ 3,949

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:

	2000	1999	1998
Income tax provision at the Federal statutory tax rate	$9,005	$ 9,231	$5,833
State income tax provisions, net	96	56	96
Non-deductible entertainment and business meal expense	173	195	206
Foreign taxes on earnings at rates different from the Federal statutory rate	(1,239)	1,321	197
Miscellaneous items, net	176	57	387
Taxes on income	$8,211	$10,860	$6,719

At December 31, 2000, the Company has foreign net operating loss carryforwards of $3,864, of which $207 expire between 2001 and 2002. There is no time limit for the remaining net operating loss carryforwards of $3,657. Due to the uncertainty of the realization of these deferred tax assets, the Company has established a valuation allowance against these carryforward benefits.

U.S. income taxes have not been provided on the undistributed earnings of non-U.S. subsidiaries since it is the Company's intention to continue to reinvest these earnings in those subsidiaries for working capital and expansion needs. The amount of such undistributed earnings at December 31, 2000 was approximately $107,000. Any income tax liability which might result from ultimate remittance of these earnings is expected to be substantially offset by foreign tax credits.

(Dollars in thousands except per share amounts)

Note 7--Pension and Other Postretirement Benefits

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

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

	2000	1999	1998
Service cost	$2,442	$2,136	$1,608
Interest cost	4,169	3,962	3,613
Expected return on plan assets	(4,583)	(4,614)	(4,416)
Other amortization, net	97	(46)	(387)
Early pension benefits (Note 2)	--	--	965
Net pension cost of plans subject to SFAS No. 87	2,125	1,438	1,383
Pension costs of plans not subject to SFAS No. 87	69	67	243
Net pension costs	$2,194	$1,505	$1,626

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

	2000	1999	1998
Discount rate for projected benefit obligation	7.5%	7.5%	6.75%
Assumed long-term rate of compensation increases	5.5%	5.5%	5.5%
Long-term rate of return on plan assets	9.25%	9.25%	9.25%

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

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

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

	2000	1999	1998
Service cost	$105	$114	$ 100
Interest cost	714	669	622
Net periodic postretirement benefit cost	819	783	722
Early postretirement benefits (Note 2)	--	--	306
Net periodic postretirement benefit cost	$819	$783	$1,028

(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	
	2000	1999	2000	1999
Change in benefit obligation				
Benefit obligation at beginning of year...	$64,712	$63,471	$ 9,607	$ 9,575
Service cost............................	2,382	2,083	105	114
Interest cost...........................	4,169	3,962	714	669
Amendments..............................	253	--	--	--
Translation difference..................	(1,365)	(2,436)	--	--
Actuarial (gain)/loss...................	(337)	1,230	209	100
Benefits paid...........................	(4,031)	(3,640)	(794)	(851)
Other...................................	41	42	--	--
Benefit obligation at end of year.........	65,824	64,712	9,841	9,607
Change in plan assets				
Fair value of plan assets at beginning of year....................................	58,233	58,312	--	--
Actual return on plan assets.............	3,032	3,950	--	--
Employer contribution....................	1,571	1,728	794	851
Plan participants' contributions..........	61	62	--	--
Translation difference....................	(1,114)	(2,259)	--	--
Benefits paid............................	(3,777)	(3,560)	(794)	(851)
Fair value of plan assets at end of year..	58,006	58,233	--	--
Funded status............................	(7,818)	(6,479)	(9,841)	(9,607)
Unrecognized transition asset............	(1,103)	(1,608)	--	--
Unrecognized gain/(loss)..................	2,882	2,481	18	(191)
Unrecognized prior service cost...........	3,660	3,658	--	--
Net amount recognized....................	$(2,379)	$(1,948)	$(9,823)	$(9,798)
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost....................	$ 3,105	$ 3,467		
Accrued benefit obligation..............	(6,311)	(6,630)		
Intangible asset........................	76	254		
Accumulated other comprehensive income..	751	961		
Net amount recognized....................	$(2,379)	$(1,948)		

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were $7,075, $6,222, and $0, respectively, as of December 31, 2000 and $9,912, $8,893, and $3,463, respectively, as of December 31, 1999.

The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% in 2000 and 1999.

In valuing costs and liabilities, different health care cost trend rates were used for retirees under and over age 65. The average assumed rate for medical benefits for all retirees was 8% in 2000, gradually decreasing to 5% over nine years. A 1% increase in the health care cost trend rate would increase total service and interest cost for 2000 by $37 and the accumulated postretirement benefit obligation as of December 31, 2000 by $534.

(Dollars in thousands except per share amounts)

A 1% decrease in the health care cost trend rate would decrease total service and interest cost for 2000 by $34 and the accumulated postretirement benefit obligation as of December 31, 2000 by $480.

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 $575, $511, and $411 in 2000, 1999, and 1998, respectively, representing the annual accrued benefits under this plan.

Profit sharing plan: The Company also maintains a qualified profit sharing plan covering substantially all domestic employees other than those who are compensated on a commission basis. Contributions were $617, $1,251, and $310 for 2000, 1999, and 1998, respectively. In January 2001, this plan was replaced by an enhanced employer match on the Company's 401(k) plan. Contributions through this match are expected to approximate those of the profit sharing plan.

Note 8--Debt

Debt consisted of the following:

	December 31, 2000	December 31, 1999
6.98% Senior unsecured notes due 2007	$20,000	$20,000
Industrial development authority monthly floating rate (4.6% at December 31, 2000) demand bonds maturing 2014	5,000	5,000
Other debt obligations	209	553
	25,209	25,553
Less current portion	2,914	431
	$22,295	$25,122

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

During the next five years, payments on long-term debt are due as follows: $2,887 in 2001, $3,009 in 2002, and $2,857 in 2003, 2004, and 2005.

At December 31, 2000 and 1999, the Company had outstanding short-term borrowings with banks under lines of credit in the aggregate of $27 and $331, respectively.

The Company has available a $18,000 unsecured line of credit. Any borrowings under this line of credit will be at the bank's most competitive rate of interest in effect at the time. There were no outstanding borrowings under this line of credit at December 31, 2000 or 1999.

At December 31, 2000 and 1999, the values at which the financial instruments are recorded are not materially different from their fair market value.

Note 9--Shareholders' Equity

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

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

(Dollars in thousands except per share amounts)

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

Under provisions of a stock purchase plan which permits employees to purchase shares of stock at 85% of the market value, 20,857 shares, 30,962 shares, and 27,538 shares were issued from treasury in 2000, 1999, and 1998, respectively. The number of shares that may be purchased by an employee in any year is limited by factors dependent upon the market value of the stock and the employee's base salary. As of January 1, 2001, a new Employee Stock Purchase Plan became effective under which employees may purchase stock under similar terms as the prior plan. Under the new plan, which replaced the previous plan, 500,000 shares are available for purchase.

The Company has a long-term incentive program for key employees which provides for the granting of options to purchase stock at prices not less than market value on the date of the grant. Most options are exercisable between one and three years after the date of the grant for a period of time determined by the Company not to exceed seven years from the date of grant for options issued in 1999 and ten years for options issued in prior years. The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-based Compensation." Accordingly, no compensation expense has been recognized for the stock option plans. Had compensation cost been determined based on the fair value at grant date for awards in 2000, 1999, and 1998 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	2000	1999	1998
Net income--as reported	$17,163	$15,651	$10,650
Net income--pro forma	16,894	15,307	10,304
Net income per share-- as reported (diluted)	$ 1.93	$ 1.74	$ 1.20
Net income per share-- pro forma (diluted)	1.90	1.71	1.16

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

	2000	1999	1998
Dividend yield	3.9%	3.9%	3.9%
Expected volatility	20.4%	24.2%	22.7%
Risk-free interest rate	5.12%	6.45%	5.09%
Expected life (years)	7	8	9

(Dollars in thousands except per share amounts)

The table below summarizes transactions in the plan during 2000, 1999, and 1998.

	2000		1999		1998	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding at January 1,	1,082,947	$16.93	943,263	$17.34	921,999	$17.03
Options granted	140,700	14.69	157,600	14.37	155,400	17.19
Options exercised	(25,350)	16.27	(2,516)	14.17	(97,994)	12.89
Options expired	(57,850)	18.19	(15,400)	16.33	(36,142)	21.02
Options outstanding at December 31,	1,140,447	16.60	1,082,947	16.93	943,263	17.34
Options exercisable at December 31,	906,306	17.01	826,347	17.35	760,352	17.47

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Prices
$12.10 - $14.52	288,995	5	$13.95	207,895	$13.80
14.53 - 16.94	353,134	6	15.40	225,093	15.70
16.95 - 19.36	389,095	4	18.19	364,095	18.19
19.37 - 21.78	39,223	2	20.99	39,223	20.99
21.79 - 24.20	70,000	4	22.36	70,000	22.36
	1,140,447	5	16.60	906,306	17.01

Options were exercised for cash, resulting in the issuance of 25,350 shares in 2000 and 2,516 shares in 1999. Options to purchase 731,800 shares were available at December 31, 2000 for future grants.

The program also provides for cash awards and commencing in 1999, common stock awards, the value of which is determined based on operating results over a three-year period for awards issued in 1999, and over a four-year period in prior years. The effect on operations of the change in the estimated value of incentive units during the year was $921, $2,246, and $870 in 2000, 1999, and 1998, respectively.

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

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

Each Right, when exercisable, entitles the registered holder to purchase one

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

(Dollars in thousands except per share amounts)

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

The Board of Directors can redeem the Rights for $.01 per Right at any time prior to the acquisition by a person or group of beneficial ownership of 20% or more of the Company's common stock. Until a Right is exercised, the holder thereof will have no rights as a shareholder of the Company, including without limitation, the right to vote or to receive dividends. Unless earlier redeemed or exchanged, the Rights will expire on March 20, 2010.

Restricted stock bonus: In 1995 and 1997, the Company granted restricted stock which was recognized as compensation over the period the shares were earned or vested. In 1998 the Company recognized expense of $528 with respect to this restricted stock.

Note 10--Earnings Per Share

The following table summarizes earnings per share (EPS) calculations for the years ended December 31, 2000, 1999, and 1998:

	December 31,		
	2000	1999	1998
Numerator for basic EPS and diluted EPS--net income...	$17,163	$15,651	$10,650
Denominator for basic EPS--weighted average shares....	8,831	8,914	8,789
Effect of dilutive securities, primarily employee stock options......................................	65	61	71
Denominator for diluted EPS--weighted average shares and assumed conversions.............................	8,896	8,975	8,860
Basic EPS...	$1.94	$1.76	$1.21
Diluted EPS...	1.93	1.74	1.20

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: 190, 192, and 190, in 2000, 1999, and 1998, respectively.

Note 11--Business Segments

The Company's reportable segments are as follows:

(1) Metalworking process chemicals--products used as lubricants for various heavy industrial and manufacturing applications.

(Dollars in thousands except per share amounts)

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

(3) Other chemical products--primarily chemicals used in the manufacturing of paper as well as other various chemical products.

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

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

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
2000				
Net sales	$244,055	$17,560	$ 5,955	$267,570
Operating income (loss)	56,921	4,216	(740)	60,397
Depreciation	5,122	122	125	5,369
1999				
Net sales	$243,007	$18,094	$ 4,570	$265,671
Operating income	55,207	5,591	729	61,527
Depreciation	5,090	116	281	5,487
1998				
Net sales	$232,245	$19,521	$12,687	$264,453
Operating income	48,332	6,150	507	54,989
Depreciation	4,805	84	261	5,150

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

A reconciliation of total segment operating income to total consolidated income before taxes, for the years ended December 31, 2000, 1999, and 1998 is as follows:

	2000	1999	1998
Total operating income for reportable segments	$ 60,397	$ 61,527	$ 54,989
Repositioning and integration credit (charges)	--	314	(5,261)
Nonoperating charges	(33,779)	(33,091)	(30,497)
Depreciation and amortization	(1,443)	(1,469)	(1,961)
Net gain on exit of businesses	1,473	--	--
Litigation charge	(1,500)	--	--
Interest expense	(2,030)	(2,486)	(2,151)
Interest income	934	494	562
Other income, net	2,434	1,862	1,116
Consolidated income before taxes	$ 26,486	$ 27,151	$ 16,797

(Dollars in thousands except per share amounts)

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

	2000	1999	1998
Net sales			
United States	$117,106	$121,188	$123,472
Europe	92,151	92,687	96,267
Asia/Pacific	28,621	27,125	25,750
South America	29,692	24,671	18,964
Consolidated	$267,570	$265,671	$264,453

	2000	1999	1998
Long-lived assets			
United States	$ 32,467	$ 31,692	$ 29,917
Europe	23,011	26,235	30,341
Asia/Pacific	5,420	6,211	5,606
South America	14,168	12,146	18,677
Consolidated	$ 75,066	$ 76,284	$ 84,541

Note 12--Business Acquisitions and Divestitures

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

On May 31, 2000, the Company completed the sale of its U.S. pulp and paper business for $5,200. The Company recorded a pre-tax gain on the sale of $2,370.

On June 25, 1998, the Company completed formation of a majority-owned joint venture in Brazil and small businesses in Italy and Venezuela for approximately $9,350, of which goodwill comprises $5,500 and is being amortized over 20 years. The agreement provided for an earn-out provision if certain performance targets were met. Those targets were met and $3,500 was paid in 2000, resulting in additional goodwill that is being amortized over the remaining life of the initial goodwill.

Note 13--Commitments and Contingencies

The Company is involved in environmental clean-up activities and litigation in connection with an existing plant location and former waste disposal sites. The Company identified certain soil and groundwater contamination at AC Products, Inc. ("ACP"), a wholly owned subsidiary. In coordination with the Santa Ana California Regional Water Quality Board, ACP is remediating the contamination. During the second quarter of 2000, it was discovered during an internal environmental audit that ACP had failed to properly report its air emissions. In response, an internal investigation of all environmental, health, and safety matters at ACP was conducted. ACP has voluntarily disclosed these matters to regulators and has taken steps to correct all environmental, health, and safety issues discovered. The Company believes that the potential uninsured known liabilities associated with these matters approximate $1.5 million, for which the Company has sufficient reserves. Notwithstanding the foregoing, the Company cannot be certain that liabilities in the form of fines, penalties, and damages will not be incurred in excess of the amount reserved.

Additionally, although there can be no assurance regarding the outcome of other environmental matters, the Company believes that it has made adequate accruals for costs associated with other environmental problems of which it is aware. Approximately $260 and $176 was accrued at December 31, 2000 and 1999, respectively, to provide for such anticipated future environmental assessments and remediation costs.

A wholly owned non-operating subsidiary of the Company is a co-defendant in claims filed by multiple claimants alleging injury due to exposure to asbestos. Although there can be no assurance regarding the outcome of existing claims proceedings, the subsidiary believes that it has made adequate accruals for all potential uninsured liabilities related to claims of which it is aware. Effective October 31, 1997, the subsidiary's insurance carriers agreed to be responsible for all damages and costs (including attorneys' fees) arising out of all existing and future asbestos claims. At December 31, 2000, the subsidiary had accrued approximately $50 to provide for anticipated damages and costs incurred prior to October 31, 1997.

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.

(Dollars in thousands except per share amounts)

Note 14--Quarterly Results (unaudited)

	First	Second	Third	Fourth
2000				
Net sales	$66,994	$69,355	$68,478	$62,743
Gross profit	27,888	29,228	28,129	26,795
Operating income	6,252	6,993	6,398	5,505
Net income	4,371	4,671	4,683	3,438
Net income per share (basic and diluted)	$.49	$.53	$.53	$.39
1999				
Net sales	$62,439	$65,876	$69,667	$67,689
Gross profit	27,098	28,196	30,660	29,689
Operating income	4,975	6,401	7,939	7,966
Net income	2,998	3,803	4,264	4,586
Net income per share (basic and diluted)	$.34	$.42	$.48	$.51

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Incorporated by reference is the information beginning immediately following the caption "Election of Directors" to, but not including, the caption "Executive Compensation" contained in the Registrant's definitive Proxy Statement to be filed no later than 120 days after the close of its fiscal year ended December 31, 2000 (the "2001 Proxy Statement") and the information appearing in Item 4(a) on pages 4 and 5 of this Report.

Section 16(a) Beneficial Ownership Reporting Compliance.

Based solely on the Company's review of certain reports filed with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act"), as amended, and written representations of the Company's officers and directors, the Company believes that all reports required to be filed pursuant to Section 16(a) of the 1934 Act with respect to transactions in the Company's Common Stock through December 31, 2000 were filed on a timely basis.

Item 11. Executive Compensation.

Incorporated by reference is the information beginning immediately following the caption "Executive Compensation" to, but not including, the caption "Compensation/Management Development Committee Report on Executive Compensation" contained in the Registrant's 2001 Proxy Statement.

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

Incorporated by reference is the information beginning immediately following the caption "Security Ownership of Certain Beneficial Owners and Management" to, but not including, the subcaption "Section 16(a) Beneficial Ownership Reporting Compliance" contained in the Registrant's 2001 Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

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

PART IV

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

(a) Exhibits and Financial Statement Schedules

1.Financial Statement Schedules

All other 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.

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

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

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

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

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

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

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

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

10(j) -- Amendment to the Stock Option Agreement dated October 2, 1995 by and between the Registrant and Ronald J. Naples. Incorporated by reference to Exhibit 10(j) as filed by Registrant with Form 10-Q for the quarter ended September 30, 1995.*

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

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

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

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

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

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

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

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

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

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

10(w) -- Change in Control Agreement by and between Registrant and Joseph W. Bauer dated February 1, 1999. Incorporated by reference to Exhibit 10(w) as filed by Registrant with Form 10-K for the year 1998.*

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

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

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

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

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

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

10(dd) -- 1999 Long-Term Performance Incentive Plan as approved May 12, 1999, effective January 1, 1999. Incorporated by reference to Exhibit 10(dd) as filed by Registrant with Form 10-K for the year 1999.*

10(ee) -- Employment Agreement by and between Registrant and Marcus C. J. Meijer dated September 28, 1999. Incorporated by reference to Exhibit 10(ee) as Filed by Registrant with Form 10-K for the year 1999.*

10(ff) -- 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(gg) -- 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.*

21 -- Subsidiaries and Affiliates of the Registrant.

23 -- Consent of Independent Accountants.

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

(b) Reports on Form 8-K.

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

(c) The exhibits required by Item 601 of Regulation S-K filed as part of this Report or incorporated herein by reference are listed in subparagraph (a)(2) of this Item 14.

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

Date: March 21, 2001

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

Signatures	Capacity	Date
/s/ Ronald J. Naples Ronald J. Naples Chairman of the Board and Chief Executive Officer	Principal Executive Officer and Director	March 21, 2001
/s/ Michael F. Barry Michael F. Barry Vice President, Chief Financial Officer, and Treasurer	Principal Financial Officer	March 21, 2001
/s/ Maureen N. Moyer Maureen N. Moyer Global Controller	Principal Accounting Officer	March 21, 2001
/s/ Joseph B. Anderson, Jr. Joseph B. Anderson, Jr.	Director	March 21, 2001
/s/ Patricia C. Barron Patricia C. Barron	Director	March 21, 2001
/s/ Peter A. Benoliel Peter A. Benoliel	Director	March 21, 2001
/s/ Donald R. Caldwell Donald R. Caldwell	Director	March 21, 2001
Robert E. Chappell	Director	March 21, 2001
/s/ William R. Cook William R. Cook	Director	March 21, 2001
Edwin J. Delattre	Director	March 21, 2001
/s/ Robert P. Hauptfuhrer Robert P. Hauptfuhrer	Director	March 21, 2001
/s/ Robert H. Rock	Director	March 21, 2001

QUAKER CHEMICAL CORPORATION

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

	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
	(Dollars in thousands)				
ALLOWANCE FOR DOUBTFUL ACCOUNTS					
Year ended December 31, 2000	$1,133	$1,971	$ (106)	$ (38)	$2,960
Year ended December 31, 1999	$2,004	$ 681	$(1,339)	$(213)	$1,133
Year ended December 31, 1998	$1,710	$ 355	$ (177)	$ 116	$2,004

EXHIBIT INDEX

Exhibit No.	Description
21	Subsidiaries and Affiliates of the Registrant
23	Consent of Independent Accountants

EXHIBIT 21

SUBSIDIARIES AND AFFILIATES OF THE REGISTRANT

Name	Jurisdiction of Incorporation	Percentage of voting securities owned directly or indirectly by Quaker
*Quaker Chemical Europe B.V.......	Holland	100%
*Quaker Chemical B.V.............	Holland	100%
+*Quaker Chemical Holdings UK Limited.........................	United Kingdom	100%
*Quaker Chemical Limited..........	United Kingdom	100%
*Quaker Chemical S.A.............	France	100%
**Quaker Chemical South Africa (Pty.) Limited..................	Republic of South Africa	50%
*Quaker Chemical, S.A............	Spain	100%
+*Quaker Denmark ApS.............	Denmark	100%
*Quaker Chemical S.A.............	Argentina	100%
+*Quaker Chemical Participacoes, Ltda............................	Brazil	100%
*Quaker Chemical Industria e Comercio S.A....................	Brazil	60%
*Quaker Chemical India Limited....	India	55%
**Kelko Quaker Chemical, S.A......	Venezuela	50%
*Quaker Chemical Limited..........	Hong Kong	100%
*Wuxi Quaker Chemical Co., Ltd....	China	60%
+* Quaker Chemical South East Asia Pte. Ltd........................	Singapore	100%
**Nippon Quaker Chemical, Ltd.....	Japan	50%
*Quaker Chemical (Australasia) Pty. Limited....................	State of New South Wales, Australia	51%
**TecniQuimia Mexicana S.A. de C.V............................	Mexico	40%
+*SB Decking, Inc. (formerly Selby, Battersby & Co.)..........	Delaware, U.S.A.	100%
*Quaker Chemical Corporation......	Delaware, U.S.A	100%
+*Quaker Chemical Management Inc............................	Delaware, U.S.A.	100%
*AC Products, Inc................	California, U.S.A.	100%
**Fluid Recycling Services Company, LLC....................	Michigan, U.S.A.	50%
*Q/2/ Technologies, LLC..........	Nevada, U.S.A.	70%
+*Quaker QP, Inc.................	Pennsylvania, U.S.A	100%

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+ 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 ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 2-57924, No. 33-54158, No. 33-51655, No. 333-26793, No. 333-88229 and No. 333-48130) and on Form S-3 (No. 333-19957) of Quaker Chemical Corporation of our report dated March 9, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, PA
March 29, 2001