

QUAKER CHEMICAL CORP
Form DEF 14A
March 31, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

QUAKER CHEMICAL CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Notice of Annual Meeting of Shareholders

TIME: 10:00 A.M., local time, on Wednesday, May 7, 2008

PLACE: Quaker Chemical Corporation

One Quaker Park

901 Hector Street

Conshohocken, Pennsylvania 19428

ITEMS OF BUSINESS:

- (1) To elect three directors.
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm to examine and report on our financial statements for the year 2008.
- (3) To transact any other business properly brought before the meeting.

WHO MAY VOTE:

You can vote at the meeting and any adjournment(s) of the meeting if you were a shareholder of record at the close of business on March 7, 2008.

ANNUAL REPORT:

A copy of our Annual Report which includes our Annual Report on Form 10-K for the year ended December 31, 2007 is enclosed.

It is important that your shares be represented at the meeting. You are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to complete, sign, date and return the enclosed proxy in the envelope we have enclosed for your convenience; no postage is required if mailed in the United States.

By Order of the Board of Directors,

D. Jeffrey Benoliel

Vice President, Secretary

and General Counsel

Conshohocken, Pennsylvania

March 31, 2008

QUAKER CHEMICAL CORPORATION

One Quaker Park, 901 Hector Street

Conshohocken, Pennsylvania 19428

PROXY STATEMENT

This proxy statement is being furnished to our shareholders in connection with the solicitation of proxies on behalf of our Board of Directors for use at our 2008 Annual Meeting of Shareholders, and at any and all adjournments of the meeting, for the purpose of considering and acting upon the matters referred to in the accompanying Notice of Annual Meeting of Shareholders and which are discussed below. The Annual Meeting of Shareholders will be held at our headquarters located at One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428, at 10:00 A.M., local time, on May 7, 2008. The terms we, our, us, and Quaker, as used in this proxy statement, refer to Quaker Chemical Corporation.

This proxy statement and the accompanying form of proxy are first being mailed to shareholders on or about April 3, 2008.

Information Concerning the Annual Meeting

What matters will be voted on at the meeting?

At the meeting, shareholders will vote on two matters:

Election of three nominees to serve on our Board of Directors; and

Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2008.

How does the Board recommend I vote on the proposals?

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The Board recommends that you vote:

FOR each of the three nominees named in this proxy statement; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2008.

Who is entitled to vote?

Shareholders of record as of the close of business on March 7, 2008, the record date for the meeting, are entitled to notice of and to vote at the meeting and any adjournments of the meeting.

How do I cast my vote?

You can cast your vote by:

marking, signing and dating a proxy card or voting instruction card (if you hold shares in street name) and returning it in the postage-paid envelope provided; or

attending the meeting and voting in person.

If you want to vote in person and you hold Quaker common stock in street name (i.e., your shares are held in the name of a brokerage firm, bank or other nominee), you must obtain a proxy card issued in your

name from your broker and bring that proxy card to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification. Your brokerage statement should show the stock acquisition date.

If I have given a proxy, how do I revoke that proxy?

Your presence at the meeting will not revoke any proxy you may have given. If your shares are held in your name, you may revoke your proxy at any time (to the extent it has not already been voted at the meeting), but a revocation will not be effective until it is received. Your proxy will be revoked (to the extent it has not already been voted at the meeting) if you:

give written notice of the revocation to Quaker's Corporate Secretary, D. Jeffrey Benoliel, One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428, or give electronic notice to Mr. Benoliel at jeffry_benoliel@quakerchem.com;

submit a properly signed proxy with a later date; or

vote in person at the meeting as described above.

If your shares are held in street name, you should contact the record holder to obtain instructions if you wish to revoke your vote before the meeting.

How will my proxy be voted?

If you are a registered holder and your proxy is properly executed, returned and received prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you return your signed proxy but do not mark the boxes to show how you wish to vote on any of the proposals, the shares for which you have given your proxy will, in the absence of your instructions to the contrary, be voted FOR each of the nominees named in the proxy, and FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2008.

If your shares are held in street name and your voting instruction form is properly executed, returned and received prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you have not furnished voting instructions within a specified period prior to the meeting, brokerage firms and nominees that are members of the New York Stock Exchange have the authority under the Exchange's rules to vote their customers' unvoted shares on certain routine matters but not on non-routine matters. Under the rules currently in effect, routine matters include the election of directors in an uncontested election and the ratification of the appointment of our independent registered public accounting firm.

The proxy card and voting instruction form also grant the proxy holders discretionary authority to vote on any other business that may properly come before the meeting as well as any procedural matters. As of the date of this proxy statement, we do not know of any other matters that will be presented at the meeting.

What does it mean if I get more than one proxy card?

If you have your shares registered in multiple accounts with one or more brokers and/or our transfer agent, you will receive more than one proxy card. Please complete and return each of the proxy cards you receive to ensure that all of your shares are voted.

How many votes are needed to elect directors?

The three nominees receiving the highest number of FOR votes will be elected as directors. This is referred to as a plurality.

What if a nominee is unwilling or unable to serve?

We do not expect that to occur. If it does, proxies will be voted for a substitute nominee designated by our Board of Directors.

How many votes are needed to ratify the appointment of PricewaterhouseCoopers LLP to examine and report on our financial statements and internal control over financial reporting for the year 2008?

The proposal requires that the number of votes cast FOR the proposal exceed the number of votes cast AGAINST the proposal.

How will abstentions and broker non-votes affect the voting?

Abstentions and broker non-votes will have no effect on the outcome of the voting on any matter brought before the meeting because they will not represent votes cast. A broker non-vote occurs when the beneficial owner of shares held in street name fails to furnish voting instructions to the broker within the required period, and the broker is not permitted under applicable rules to vote the shares.

Are dissenters' rights applicable to any of the matters to be voted on at the meeting?

No. Dissenters' rights do not apply to any of the matters to be voted on at the meeting.

Who will count the vote?

The Judge of Election appointed at the meeting, together with representatives of American Stock Transfer & Trust Company, our transfer agent, will tabulate the votes cast at the meeting.

How many shares can be voted at the meeting?

As of March 7, 2008, the record date for the meeting, 10,230,377 shares of Quaker common stock were issued and outstanding. Every holder of Quaker common stock is entitled to one vote or ten votes for each share held of record on the record date.

How many votes will I be entitled to cast at the meeting?

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You will be entitled to cast one vote or ten votes for each share of common stock you held on March 7, 2008, the record date for the meeting, depending upon how long you had held the shares as of the record date. As more specifically provided in Article 5 of Quaker's Articles of Incorporation, the number of votes you are entitled to cast at the meeting will be determined as follows:

Each share which, as of the record date, you had beneficially owned since March 1, 2005, will entitle you to ten votes.

Each share you acquired after March 1, 2005, will entitle you to one vote, with some exceptions. These exceptions are explained in Appendix A to this proxy statement.

We presume that shares you hold in street or nominee name, or that are held for your account by a broker, clearing agency, voting trustee, bank, trust company, or other nominee, were acquired by you after March 1, 2005 and, accordingly, entitle you to one vote for each of these shares. You may, however, rebut this one-vote presumption by completing and executing an affidavit and presenting written evidence to us in accordance with the procedures described in Appendix A.

What is the total number of votes that may be cast at the meeting?

Based on the information available to us on March 7, 2008, the holders of 945,218 shares of Quaker common stock will be entitled to cast ten votes for each share held and the holders of 9,285,159 shares of

Quaker common stock will be entitled to cast one vote for each share held, for a total of 10,230,377 votes. The number of shares that we have indicated are entitled to one vote includes those shares presumed by us to be entitled to only one vote. Because the holders of these shares may rebut this presumption, the total number of votes that may be cast at the meeting may increase.

Where can I find more information on the voting procedures for the meeting?

For additional information on our voting procedures, including the procedures for determining whether a share entitles its holder to one vote or ten votes, and how to rebut the one-vote presumption, please refer to Appendix A.

What is a quorum?

The presence of shareholders entitled to cast at least a majority of the votes entitled to be cast on a particular matter will constitute a quorum for the purpose of considering that matter. For purposes of determining the presence of a quorum, the votes of a shareholder will be counted if the shareholder is present in person or by proxy. Shares which are the subject of abstentions or broker non-votes will be counted for purposes of determining a quorum.

Who can attend the Annual Meeting?

All shareholders of Quaker who owned shares of record on March 7, 2008 can attend the meeting. If you want to vote in person and you hold Quaker common stock in street name (i.e., your shares are held in the name of a brokerage firm, bank or other nominee), you must obtain a proxy card issued in your name from your broker and bring that proxy card to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification. If you hold stock in street name and want to attend the meeting but not vote in person at the meeting, you must bring a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification.

How will voting on any other business be conducted?

We do not know of any business to be considered at the meeting other than the proposals described in this proxy statement. However, if any other business is presented at the meeting, a proxy in the accompanying form will give authority to William R. Cook and Ronald J. Naples to vote on such matters at their discretion and they intend to do so in accordance with their best judgment.

Who will pay the cost of this proxy solicitation and how will the solicitation be conducted?

We will pay the expenses of soliciting proxies in the form included with this proxy statement, including the cost of preparing, assembling and mailing material in connection with the solicitation. In addition to the use of the mail, our directors, executive officers and employees may, without additional compensation, solicit proxies personally or by telephone, facsimile, electronic mail and personal contact. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy

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materials and Quaker's annual report, including its Annual Report on Form 10-K, to any beneficial holder of Quaker common stock they hold of record.

Does the company utilize householding for mailing of its proxy materials?

The Securities and Exchange Commission permits companies and intermediaries (such as brokers and banks) to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders. This process, which is commonly referred to as householding, is intended to reduce the volume of duplicate information shareholders receive and also reduce expenses for companies. Quaker has instituted householding for its registered shareholders; some intermediaries may also be

householding Quaker's proxy materials and annual report. Once you have received notice from the Company, the broker or another intermediary that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent.

If at any time a shareholder of record no longer wishes to participate in householding and would prefer to receive a separate proxy statement and annual report, you should contact Irene M. Kisleiko, Assistant Secretary, toll free at 1-800-523-7010, ext. 4119, or inform us in writing at Quaker Chemical Corporation, Shareholder Services, One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428. If you hold shares through an intermediary and no longer wish to participate in householding, you should contact your bank, broker or other nominee record holder.

Shareholders who share an address and are receiving multiple copies of annual reports or proxy statements but would like to receive a single copy can contact Irene M. Kisleiko as described above.

Any shareholder can receive a copy of Quaker's proxy statement and annual report by contacting Quaker Shareholder Services by telephone or in writing as set forth above.

Proposal 1 Election of Directors and Nominee Biographies

What is the makeup of the Board of Directors?

The Quaker Articles of Incorporation provide that our Board of Directors is divided into three classes, each consisting, as nearly as possible, of one-third of the total number of directors. The shareholders elect the members of one of the three classes each year to serve for a term of three years. Directors elected to fill vacancies and newly created directorships serve for the balance of the term of the class to which they are elected. Presently, there are nine directors, including three Class I directors, three Class II directors and three Class III directors. At the meeting, three Class I directors are to be elected with each member to serve a three-year term expiring in 2011 or until his successor is duly elected and qualified.

Are there any members of the class of directors to be elected at the meeting who are not standing for reelection?

No. Each incumbent director whose term expires this year has been nominated for election to serve for an additional three-year term and has agreed to serve if elected.

Who are the Board's nominees this year?

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Robert E. Chappell, Ronald J. Naples and Robert H. Rock are the Board's nominees for election to the Board of Directors. Each nominee, if elected, would hold office until our 2011 annual meeting of shareholders and until his successor is elected and qualified.

What is the background of this year's nominees?

Our nominees for election to the Board as Class I members are:

ROBERT E. CHAPPELL

Director since 1997

Age 63

Chairman and Chief Executive Officer of The Penn Mutual Life Insurance Company, a mutual life insurance company providing life insurance and annuity products, for more than five years; President since January 22, 2008.

Member of the Board of Directors:

Penn Series Funds (Chairman)

RONALD J. NAPLES

Director since 1988

Age 62

Quaker's Chairman and Chief Executive Officer for more than five years.

Member of the Board of Directors:

Glatfelter

Glenmede Trust Company

ROBERT H. ROCK

Director since 1996

Age 57

President of MLR Holdings, LLC, an investment company with holdings in the publishing and information business, for more than five years.

Member of the Board of Directors:

Alberto-Culver Company

The Penn Mutual Life Insurance Company

The Board of Directors recommends that you vote FOR the election to our Board of Robert E. Chappell, Ronald J. Naples and Robert H. Rock, the nominees listed above.

Biographies of Directors Not Standing for Election This Year

Our incumbent directors who were elected as Class II members of the Board in 2006 and whose terms expire in 2009 are:

DONALD R. CALDWELL

Director since 1997

Age 61

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Chairman and Chief Executive Officer of Cross Atlantic Capital Partners, Inc., a venture capital fund with offices in the United States, Ireland and the United Kingdom, for more than five years.

Member of the Board of Directors:

DiamondCluster International, Inc.

Lightning Gaming, Inc.

Rubicon Technology, Inc.

Voxware, Inc.

WILLIAM R. COOK

Director since 2000

Age 64

President and Chief Executive Officer of Severn Trent Services, Inc., a water purification products and laboratory and operating services company, from 1999 until June 2002.

Member of the Board of Directors:

Teleflex Incorporated

JEFFRY D. FRISBY

Director since 2006

Age 52

Group President of Triumph Aerospace Systems Group, a group of companies that design, engineer and build aerostructures, as well as complete mechanical, electromechanical and hydraulic systems for the aerospace industry, since April 2003.

Group President of Triumph Control Systems Group, from 2000 until March 2003.

President of Frisby Aerospace, Inc., from 1986 until March 2003.

Our incumbent directors who were elected as Class III members of the Board in 2007 and whose terms expire in 2010 are:

JOSEPH B. ANDERSON, JR.

Director since 1992

Age 65

Chairman and Chief Executive Officer of TAG Holdings LLC, a holding company, for more than five years.

Chairman and Chief Executive Officer of Gulf Shore Assemblies, LLC, a tire and wheel assembly company, since May 2007.

Chairman and Chief Executive Officer of Great Lakes Assemblies, LLC, a tire and wheel assembly company, since January 2005.

Chairman and Chief Executive Officer of North American Assemblies, LLC, a tire and wheel assembly company, since December 2003.

Chairman and Chief Executive Officer of A&D Technologies, LLC, a manufacturer of temperature sensors servicing the automobile industry, for more than five years.

Chairman and Chief Executive Officer of Vibration Control Technologies, LLC, an automotive parts supplier and manufacturer, for more than five years.

Member of the Board of Directors:

ArvinMeritor, Inc.

Sierra Pacific Resources

Rite Aid Corporation

Valassis Communications, Inc.

PATRICIA C. BARRON

Director since 1989

Age 65

Clinical Associate Professor and Senior Fellow at the Stern School of Business, New York University, from 1999 until August 2003.

Member of the Board of Directors:

Teleflex Incorporated

Ultralife Batteries Corporation

United Services Automobile Association

EDWIN J. DELATRE

Director since 1984

Age 66

Professor of Philosophy Emeritus, College of Arts and Sciences, Boston University, since September 2006.
Dean Emeritus, School of Education, Boston University, since December 2002.

Resident Scholar, Center for School Improvement, School of Education, Boston University, from July 2001 to August 2005.
President Emeritus, St. John's College, Annapolis, Maryland and Santa Fe, New Mexico, since January 1987.

Corporate Governance

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines which are available at <http://www.quakerchem.com> by accessing the Investors/Corporate Governance section of our Web site. The references to our Web site contained in this proxy statement are for informational purposes, and the content of the Web site is not incorporated by such references into this proxy statement. Our Corporate Governance Guidelines are also available in print to any shareholder who requests them. These guidelines were adopted by the Board to assist the Board in carrying out its fiduciary duties and maintaining its independence from management.

Director Independence

In accordance with New York Stock Exchange rules, the Board affirmatively determines the independence of each director and nominee for election as a director in accordance with guidelines it has adopted which include all elements of independence set forth in the New York Stock Exchange listing standards. The Company's director independence standards are defined in Paragraph 4 of the Company's Corporate Governance Guidelines.

On an annual basis, each director and executive officer is obligated to complete a directors and officers questionnaire which requires disclosure, among other things, of any transactions with the Company in which the director (or any organization of which the director is a partner, shareholder or officer) or executive officer, or any member of his or her immediate family, have a direct or indirect material interest. Based on the Board's adopted independence standards and the information provided in the annual questionnaires, the Board determined at its meeting held on March 5, 2008, that each of the following non-employee directors is independent within our guidelines and has no relationship with the Company, except as a director and shareholder of the Company:

- | | |
|-----------------------------|-----------------------|
| (1) Joseph B. Anderson, Jr. | (5) William R. Cook |
| (2) Patricia C. Barron | (6) Edwin J. Delattre |
| (3) Donald R. Caldwell | (7) Jeffrey D. Frisby |
| (4) Robert E. Chappell | (8) Robert H. Rock |

In addition, based on these standards, the Board affirmatively determined that Ronald J. Naples is not independent because he is an executive officer of the Company. There are no family relationships between any of the Quaker directors, executive officers or nominees for election of directors.

Governance Committee Procedures for Selecting Director Nominees

The Governance Committee's goal is to assemble a Board that brings to Quaker a variety of perspectives and skills derived from high-quality business and professional experience. In evaluating director nominees, the Governance Committee considers the appropriate size of Quaker's Board of Directors and the needs of Quaker with respect to the particular talents, experience and capacities of its directors including industry, managerial or leadership experience; business acumen or particular expertise; strategic capability; independence of judgment; familiarity with corporate governance and the responsibilities of directors; standing and reputation as a person of integrity; and ability to work constructively with the CEO and the Board. Directors who also serve as CEOs or in

equivalent positions should not serve on more than three boards of public companies in addition to the Quaker Board and other directors should not serve on more than four other boards of public companies in addition to the Quaker Board. The Governance Committee has decided to waive the limitations in these guidelines on the number of boards a director may serve in the cases of Messrs. Anderson and Caldwell due to their respective circumstances, valued contribution to the Board and the Committees on which they serve, a record of consistent attendance at Board and Committee meetings, and availability to advise and assist management in support of Quaker's business.

The Governance Committee first evaluates for nomination current members of the Board willing to continue their service. Current members of the Board with skills and experience that are relevant and who are willing to continue to serve are considered for renomination, balancing the value of continuity of service with that of obtaining a new perspective. If a current member does not want to stand for reelection, the Governance Committee will not recommend that director for reelection. If the Governance Committee recommends an increase in the membership of the Board, it will identify the experience and personal capacities desired and will seek suggestions as to nominees from the current Board membership. In addition, and as has been done in the past, the Governance Committee may engage third parties to assist in the identification or evaluation of potential director nominees.

The Governance Committee will consider candidates recommended by the Company's shareholders and applies the same criteria in evaluating candidates nominated by shareholders as it does in evaluating candidates identified by Company sources. Any shareholder who wishes to recommend to the Governance Committee a prospective nominee for election to the Board may write to D. Jeffrey Benoliel, Vice President, Secretary and General Counsel, Quaker Chemical Corporation, One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428. Any request for consideration at next year's annual meeting must be submitted no later than December 4, 2008, and contain a statement of the proposed candidate's business experience, business affiliations and a confirmation of his or her willingness to be a nominee. No shareholder or group of shareholders beneficially owning 5% or more of Quaker's common stock recommended a director nominee for election at Quaker's 2008 annual meeting of shareholders.

Communications with the Board of Directors

Shareholders or other interested parties may communicate with any of our directors, including non-management directors, by writing to them c/o D. Jeffrey Benoliel, Vice President, Secretary and General Counsel, at the address listed above. All communications received will be forwarded to the Governance Committee and the addressee. The Board believes it is management's role to speak for Quaker and, accordingly, any such communication received will be shared with the Chief Executive Officer and other executive officers, as appropriate. Our Code of Conduct, Financial Code of Ethics, Corporate Governance Guidelines and Audit, Compensation/Management Development and Governance Committee Charters have been posted on and are available free of charge by accessing the Investors/Corporate Governance section of our Web site at <http://www.quakerchem.com> or by written request addressed to Quaker Chemical Corporation, One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428, Attention: Irene M. Kisleiko, Assistant Secretary.

Code of Conduct

The Company has a compliance program, the governing documents of which include a Code of Conduct (which is applicable to all of the Company's directors, executive officers and employees) and a Financial Code of Ethics for Senior Financial Officers (which is applicable to the Chief Executive Officer, Chief Financial Officer, Global Controller, Controllers of each of the Company's majority-owned affiliates, Assistant Global Controller and other individuals performing similar functions designated by the Company's Board of Directors). The Company's compliance program embodies the Company's global principles and practices relating to the ethical conduct of the Company's business and its long-standing commitment to fairness, honesty, integrity, and full

company compliance with all laws affecting the Company's business. The Code of Conduct and Financial Code of Ethics for Senior Financial Officers are available at <http://www.quakerchem.com> by accessing the Investors/Corporate Governance section of our Web site. Both are available in print to any shareholder who requests them.

The Company's compliance program includes a means for employees, customers, suppliers, shareholders and other interested parties to submit confidential and anonymous reports of suspected or actual violations of the Company's Code of Conduct or the Financial Code of Ethics for Senior Financial Officers relating, among other things, to:

- accounting practices, internal accounting controls, or auditing matters and procedures;
- theft or fraud of any amount;
- insider trading;
- performance and execution of contracts;
- conflicts of interest;
- violations of securities and antitrust laws; and
- violations of the Foreign Corrupt Practices Act.

Any employee, shareholder or other interested party can call the Quaker Hotline at 1-800-869-9414 or from outside the United States, 1-678-999-4552. The Quaker Hotline is a toll-free telephone line dedicated solely to receiving questions and concerns and directing them to the appropriate authority for action. All calls are answered by an independent third-party service which is available 24 hours a day, seven days a week.

The Audit Committee oversees the administration of the Company's compliance program and is directly responsible for the disposition of all reported violations of the Financial Code of Ethics for Senior Financial Officers and complaints received regarding accounting, internal accounting controls, or audit matters. In addition, the Audit Committee is responsible for the disposition of all violations of (and approves any waivers to) the Code of Conduct for directors and executive officers and for the disposition of other serious violations of the Code of Conduct. No such waivers were made in 2007. Our Code of Conduct, Financial Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines and Audit, Compensation/Management Development and Governance Committee Charters have been posted on and are available free of charge by accessing the Investors/Corporate Governance section of our Web site at <http://www.quakerchem.com> or by written request addressed to Quaker Chemical Corporation, One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428, Attention: Irene M. Kisleiko, Assistant Secretary.

Meetings and Committees of the Board

Our Board of Directors has four standing committees, the Audit, Compensation/Management Development, Executive and Governance Committees. Each member of the Audit, Compensation/Management Development and Governance Committee is independent as independence is defined for members of the respective committee in the listing standards of the NYSE and Quaker's Corporate Governance Guidelines. The Board has affirmatively determined that three of four members of the Audit Committee, including its current Chairman, William R. Cook, meet the criteria for an audit committee financial expert as defined by the Securities and Exchange Commission. The Board of Directors has adopted a charter for each of these committees other than the Executive Committee. Each committee reports its actions to the full Board at the Board's next regular meeting. A description of the duties of each committee follows the table below.

Committee Membership and Meetings Held in 2007

Name	Audit	Compensation/ Management Development	Executive	Governance
Joseph B. Anderson, Jr.	X			X ⁽²⁾
Patricia C. Barron		X		X
Donald R. Caldwell	X	X	X _{CH}	
Robert E. Chappell			X	X _{CH}
William R. Cook	X _{CH}			
Edwin J. Delattre		X		X
Jeffry D. Frisby	X			
Ronald J. Naples			X	
Robert H. Rock		X _{CH}	X	
Number of Meetings in 2007 ⁽¹⁾	7	4	1	3

X Member. Except as otherwise indicated, each of the individuals listed in the table above held the committee memberships indicated throughout 2007.

CH Chairman

(1) The Board of Directors held six regular meetings in 2007. Each director attended, in person or by teleconference, at least 75% of the aggregate of all Board and all committee meetings on which he or she served during 2007.

(2) Committee member since May 9, 2007.

Time is regularly scheduled for the non-management directors to meet as a separate group. The chairmanship of these meetings rotates among the non-management directors.

Quaker does not have a formal policy regarding attendance by members of the Board at its annual meeting of shareholders, but all directors are encouraged to attend. In 2007, all of our nine directors attended the annual meeting of shareholders.

The Audit Committee:

Engages the independent registered public accounting firm and approves all audit and non-audit fees.

Reviews and discusses with management and the independent registered public accounting firm the annual and quarterly financial statements.

Discusses with management and the independent registered public accounting firm any audit problems or difficulties and management's response.

Reviews the internal audit plan and discusses with the internal auditor and the independent registered public accounting firm their assessment of the effectiveness of Quaker's internal controls.

Oversees the handling of matters relating to compliance with law and ethics, including adherence to the standards of business conduct and ethics required by Quaker's policies.

The Compensation/Management Development Committee:

Reviews management's compensation philosophies and policies.

Approves annual performance objectives for the CEO, evaluates the CEO's performance against objectives and makes a recommendation to the Board regarding the CEO's base salary.