SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2002

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________to____________

Commission file number 0-7154

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

Pennsylvania	23-0993790
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Quaker Park, 901 Hector Street, Conshohocken, Pennsylvania 19428 - 0809
(Address of principal executive offices) (Zip Code)

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

Not Applicable
Former name, former address and former fiscal year, if changed since last report.

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of Shares of Common Stock Outstanding on October 31, 2002	9,322,639

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Condensed Consolidated Balance Sheet at September 30, 2002 and December 31, 2001

Condensed Consolidated Statement of Income for the Three and Nine Months ended September 30, 2002 and 2001

Condensed Consolidated Statement of Cash Flows for the Nine Months ended September 30, 2002 and 2001

Notes to Condensed Consolidated Financial Statements

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Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

Unaudited
(dollars in thousands)

	September 30, 2002	December 31, 2001 *
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,044	$ 20,549
Accounts receivable, net	54,583	44,787
Inventories		
Raw materials and supplies	11,389	9,673
Work-in-process and finished goods	11,217	9,112
Prepaid expenses and other current assets	12,156	8,809
Total current assets	112,389	92,930
Property, plant and equipment, at cost	111,606	97,367
Less accumulated depreciation	64,123	59,123
Total property, plant and equipment	47,483	38,244
Goodwill	21,267	14,960
Other intangible assets	6,059	1,442
Investments in associated companies	8,765	9,839
Deferred income taxes	8,693	9,085
Other assets	14,046	13,166
	$ 218,702	$ 179,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 26,117	$ 2,858
Accounts and other payables	24,681	20,196
Accrued compensation	9,801	8,109
Other current liabilities	17,471	14,343
Total current liabilities	78,070	45,506
Long-term debt	19,452	19,380
Deferred income taxes	1,212	1,233
Other noncurrent liabilities	25,795	24,212
Total liabilities	124,529	90,331
Minority interest in equity of subsidiaries	8,411	8,436
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	631	357
Retained earnings	107,996	103,953
Unearned compensation	(1,334)	(1,597)
Accumulated other comprehensive (loss)	(26,497)	(24,075)
	90,460	88,302
Treasury stock, shares held at cost; 2002-344,947, 2001-526,865	(4,698)	(7,403)
Total shareholders' equity	85,762	80,899
	$ 218,702	$ 179,666

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

* Condensed from audited financial statements.

Quaker Chemical Corporation

Condensed Consolidated Statement of Income

Unaudited

(dollars in thousands, except per share data)

	Three Months ended September 30,		Nine Months ended September 30,	
	2002	2001	2002	2001
Net sales	$ 73,268	$ 63,514	$ 202,652	$ 192,802
Cost of goods sold	43,869	38,371	119,934	114,752
Gross margin	29,399	25,143	82,718	78,050
Selling, general and administrative expenses	22,697	19,065	66,000	58,914
Restructuring and nonrecurring expenses	-	3,225	-	3,225
Operating income	6,702	2,853	16,718	15,911
Other income (expense), net	942	(469)	1,194	690
Interest expense	(491)	(427)	(1,318)	(1,418)
Interest income	22	222	571	699
Income before taxes	7,175	2,179	17,165	15,882
Taxes on income	2,296	675	5,493	4,923
	4,879	1,504	11,672	10,959
Equity in net income of associated companies	130	244	314	740
Minority interest in net income of subsidiaries	(720)	(632)	(2,103)	(2,456)
Net income	$ 4,289	$ 1,116	$ 9,883	$ 9,243
Per share data:				
Net income - basic	$ 0.47	$ 0.12	$ 1.08	$ 1.02
Net income - diluted	$ 0.45	$ 0.12	$ 1.05	$ 1.02
Dividends declared	$ 0.21	$ 0.205	$ 0.63	$ 0.615
Based on weighted average number of shares outstanding:				
Basic	9,222,050	9,115,591	9,149,337	9,028,096
Diluted	9,453,208	9,174,754	9,433,279	9,088,547

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

Quaker Chemical Corporation

Condensed Consolidated Statement of Cash Flows
For the Nine Months ended September 30,

	Unaudited (dollars in thousands) 2002	 2001
Cash flows from operating activities		
Net income	$ 9,883	9,243
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,571	3,549
Amortization	576	1,091
Equity in net income of associated companies	(314)	(740)
Minority interest in earnings of subsidiaries	2,103	2,456
Deferred compensation and other postretirement benefits	290	690
Restructuring and nonrecurring expenses	-	3,225
Other, net	(221)	867
Increase (decrease) in cash from changes in current assets and current liabilities:		
Accounts receivable, net	(3,375)	(230)
Inventories	(2,543)	1,460
Prepaid expenses and other current assets	(846)	(1,540)
Accounts payable and accrued liabilities	5,914	(4,093)
Change in restructuring liabilities	(1,763)	(443)
Net cash provided by operating activities	13,275	15,535
Cash flows from investing activities		
Investments in property, plant and equipment	(7,642)	(4,980)
Payments related to acquisitions	(21,285)	(1,532)
Dividends from associated companies	307	902
Other, net	(443)	261
Net cash (used in) investing activities	(29,063)	(5,349)
Cash flows from financing activities		
Net increase in short-term borrowings	23,121	(54)
Dividends paid	(5,756)	(5,215)
Treasury stock issued	2,618	2,664
Distributions to minority shareholders	(1,514)	(2,175)
Other, net	-	28
Net cash provided by (used in) financing activities	18,469	(4,752)
Effect of exchange rate changes on cash	(186)	(1,943)
Net increase in cash and cash equivalents	2,495	3,491
Cash and cash equivalents at beginning of period	20,549	16,552
Cash and cash equivalents at end of period	$ 23,044	20,043
Noncash investing activities:		
Contribution of property, plant & equipment to real estate joint venture	$ -	4,358

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

Quaker Chemical Corporation
Notes to Condensed Consolidated Financial Statements
(Dollars in Thousands)
(Unaudited)

Note 1 - Condensed Financial Information

The condensed consolidated financial statements included herein are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Certain prior year amounts have been reclassified to conform to the 2002 presentation. In the opinion of management, the financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods. The results for the three and nine months ended September 30, 2002 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the Annual Report filed on Form 10-K for the year ended December 31, 2001.

As part of the Company's chemical management services, certain third party products are transferred to customers at no gross profit and accordingly, these transactions are not recorded in net sales or expense. Third party products transferred under these arrangements totaled $20,363 and $15,552 for the nine months ended September 30, 2002 and 2001, respectively.

Sales and cost of sales for the third quarter and nine months of 2002 are approximately $575 higher than previously reported in its October 30, 2002 press release. The change is due to a review and determination that a recent chemical management service arrangement should be reported on a gross basis based on the nature of the integrated product and service offering versus net as an agent. This reclassification had no effect on gross margin and accordingly net income.

Effective July 1, 2002, the Company acquired a controlling interest of Quaker Chemical South Africa (Pty.) Ltd (South Africa), a previously 50% owned joint venture. As a result, South Africa, previously reported using the equity method, is now a fully consolidated 51% owned subsidiary. The effect of this change was not material to the financial statements.

Note 2 - Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. This statement is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact of this new standard.

In July 2001, the FASB issued SFAS No. 144, "Impairment or Disposal of Long-Lived Assets." The provisions of this statement provide a single accounting model for impairment of long-lived assets. The statement is effective for fiscal years beginning after December 15, 2001. The Company adopted this standard on January 1, 2002. Management has assessed the impact of the new standard and determined there to be no material impact to the financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 62, Amendment of FASB Statement No. 13 and Technical Corrections." For most companies, SFAS No. 145 will require gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under SFAS No. 4. Extraordinary treatment will be required for certain extinguishments as provided in APB Opinion No. 30. The statement also amended SFAS No. 13 for certain sales-leaseback and sublease accounting. The Company is required to adopt the provisions of SFAS No. 145 effective January 1, 2003. The Company is currently evaluating the impact of adoption of this statement.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", which nullified EITF Issue No. 94-3. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, whereas EITF No 94-3 had recognized the liability at the commitment date to an exit plan. The Company is required to adopt the provisions of SFAS No. 146 effective for exit or disposal activities initiated after December 31, 2002.

Note 3 --Earnings Per Share

The following table summarizes earnings per share (EPS) calculations for the three months ended September 30, 2002 and 2001:

	2002	2001
Numerator for basic EPS and diluted EPS-- net income	$ 4,289	$ 1,116
Denominator for basic EPS--weighted average shares	9,222	9,116
Effect of dilutive securities, primarily employee stock options	231	59
Denominator for diluted EPS--weighted average shares and assumed conversions.	9,453	9,175
Basic EPS	$ .47	$ .12
Diluted EPS	$ .45	$ .12

The following table summarizes earnings per share (EPS) calculations for the nine months ended September 30, 2002 and 2001:

	2002	2001
Numerator for basic EPS and diluted EPS-- net income	$ 9,883	$ 9,243
Denominator for basic EPS--weighted average shares	9,149	9,028
Effect of dilutive securities, primarily employee stock options	284	61
Denominator for diluted EPS--weighted average shares and assumed conversions.	9,433	9,089
Basic EPS	$ 1.08	$ 1.02
Diluted EPS	$ 1.05	$ 1.02

In September 2002, the Company refined its methodology for computing shares outstanding for purposes calculating earnings per share. The effect of the change was not material on current and prior calculations of earnings per share.

Note 4 - 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.

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

(3) Other chemical products - other various chemical products.

Segment data includes direct segment costs as well as general operating costs.

The table below presents information about the reported segments for the nine months ending September 30:

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
2002				
Net sales	$ 183,711	$ 15,593	$ 3,348	$ 202,652
Operating income	38,994	4,058	884	43,936
2001				
Net sales	$ 174,821	$ 14,731	$ 3,250	$ 192,802
Operating income	37,208	4,159	1,033	42,400

Operating income comprises revenue less related costs and expenses.

Non-operating items primarily consist of general corporate expenses identified as not being a cost of operation, interest expense, interest income, and license fees from non-consolidated associates. A reconciliation of total segment operating income to total consolidated income before taxes, for the nine months ended September 30 is as follows:

	2002	2001
Total operating income for Reportable segments	$ 43,936	$ 42,400
Non-operating expenses	(26,642)	(22,173)
Restructuring and nonrecurring expenses	-	(3,225)
Amortization	(576)	(1,091)
Interest expense	(1,318)	(1,418)
Interest income	571	699
Other income, net	1,194	690
Consolidated income before taxes	$ 17,165	$ 15,882

Note 5 - Comprehensive Income

The following table summarizes comprehensive income for the three months ended September 30:

	2002	2001
Net income	$ 4,289	$ 1,116
Unrealized (loss) on available-for-sale securities	-	(269)
Foreign currency translation adjustments	(2,865)	1,397
Comprehensive income	$ 1,424	$ 2,244

The following table summarizes comprehensive income for the nine months ended September 30:

	2002	2001
Net income	$ 9,883	$ 9,243
Unrealized (loss) on available-for-sale securities	-	(269)
Foreign currency translation adjustments	(2,422)	(5,826)
Comprehensive income	$ 7,461	$ 3,148

Note 6 - Restructuring and Nonrecurring Expenses

In the third and fourth quarters of 2001, Quaker's management approved restructuring plans to realign its organization and reduce operating costs. Quaker's restructuring plans include the closure and sale of its manufacturing facilities in the U.K. and France. In addition, Quaker consolidated certain functions within its global business units and reduced administrative functions, as well as expensed costs related to abandoned acquisitions. Included in the third and fourth quarter restructuring charges are provisions for the severance of 16 and 37 employees, respectively.

Restructuring and related charges of $2,958 and $2,896 were expensed during the third and fourth quarters of 2001, respectively. The third quarter charge comprised $520 related to employee separations, $2,038 related to facility rationalization charges and $400 related to abandoned acquisitions. The fourth quarter charge comprised $2,124 related to employee separations, $575 related to facility rationalization charges and $197 related to abandoned acquisitions. Employee separation benefits under each plan varied depending on local regulations within certain foreign countries and included severance and other benefits. As of September 30, 2002, Quaker had completed 49 of the planned 53 employee separations under the 2001 plans. Quaker expects to substantially complete the initiatives contemplated under the restructuring plans, including the disposition of the manufacturing facilities, by mid 2003.

Accrued restructuring balances as of September 30, 2002 are as follows:

	Balance December 31, 2001	Payments	Currency translation and other	Balance September 30, 2002
Employee separations	$ 2,534	$(1,071)	$ 40	$ 1,503
Facility rationalization	1,439	(555)	83	967
Total	$ 3,973	$(1,626)	$ 123	$ 2,470

Note 7 - Business Acquisitions

On March 1, 2002, the Company acquired certain assets and liabilities of United Lubricants Corporation ("ULC"), a North American manufacturer and distributor of specialty lubricant products and chemical management services, for approximately $14,038. The acquisition of ULC strategically strengthens the Company's global leadership supply position to the steel industry.

The following table shows the preliminary fair value of assets and liabilities recorded for the acquisition:

Receivables	$ 4,456
Inventories	828
Property, plant and equipment	4,155
Goodwill	5,437
Intangible assets	2,350
Other assets	74
	17,300
Accounts payable	2,148
Accrued expenses and other current liabilities	265
Other current liabilities	849
	3,262
Cash paid for acquisition	$14,038

The $5,437 of goodwill was assigned to the Metalworking process chemicals segment, and the entire amount is expected to be deductible for income tax purposes.

The $2,350 of intangible assets comprised $1,400 of branded customer lists, $700 of formulations, $200 of trademarks and $50 in non-compete agreements. These intangibles are being amortized over a five-year period.

The cash paid for acquisition increased approximately $362 during the third quarter of 2002 related to transaction costs incurred and post closing adjustments. Such costs have been allocated to goodwill. Further, goodwill has also increased for working capital adjustments and refinements of estimates of assets acquired and liabilities assumed.

The results of operations of ULC are included in the consolidated statement of income beginning March 1, 2002. Pro-forma results of operations have not been provided because the effects are not material.

On April 22, 2002, the Company acquired one hundred percent of the outstanding stock of Epmar Corporation ("Epmar"), a North American manufacturer of polymeric coatings, sealants, adhesives, and various other compounds, for approximately $7,611 and the assumption of $400 of debt. The acquisition of Epmar provides technological capability that is directly related to the Company's coatings business.

The following table shows the preliminary fair value of assets and liabilities recorded for the acquisition:

Receivables	$ 848
Inventories	472
Property, plant and equipment	967
Goodwill	3,279
Intangible assets	2,920
Other assets	39
	8,525
Accounts payable	406
Accrued expenses and other current liabilities	108
Other noncurrent liabilities	400
	914
Cash paid for acquisition	$ 7,611

The $3,279 of goodwill was assigned to the Coatings segment, and the entire amount is expected to be deductible for income tax purposes.

The $2,920 of intangible assets comprised: $1,600 of customer lists to be amortized over twenty years, $720 of product line technology to be amortized over ten years, and $600 of trademarks which have indefinite lives and will not be amortized.

The cash paid for acquisition increased approximately $111 during the third quarter of 2002 related to transaction costs incurred and post closing adjustments. Such costs have been allocated to goodwill. This increase in goodwill was partially offset due to refinements of estimates of assets acquired and liabilities assumed.

The results of operations of Epmar are included in the consolidated statement of income beginning April 22, 2002. Pro-forma results of operations have not been provided because the effects are not material.

Note 8 - Goodwill and Other Intangible Assets

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 established new guidelines for accounting for goodwill and other intangible assets. Upon adoption, goodwill is no longer amortized, but instead assessed for impairment at least on an annual basis. Accordingly, on January 1, 2002, the Company ceased amortizing its goodwill. The Company completed impairment assessment of its goodwill and did not incur an impairment charge related to the adoption of SFAS No. 142. Further, the Company completed its annual impairment assessment as of the end of the third quarter 2002 and no impairment charge was warranted.

The following is a reconciliation of previously reported financial information to pro-forma amounts exclusive of goodwill amortization for the three months ended September 30, 2001:

Net income	$1,116
Goodwill amortization expense, net of tax	168
Pro-forma net income	$1,284
Earnings per share, basic and diluted	$ 0.12
Goodwill amortization expense, net of tax	0.02
Pro-forma earnings per share, basic and diluted	$ 0.14

The following is a reconciliation of previously reported financial information to pro-forma amounts exclusive of goodwill amortization for the nine months ended September 30, 2001:

Net income	$9,243
Goodwill amortization expense, net of tax	524
Pro-forma net income	$9,767
Earnings per share, basic and diluted	$ 1.02
Goodwill amortization expense, net of tax	0.06
Pro-forma earnings per share, basic and diluted	$ 1.08

The changes in carrying amount of goodwill for the nine months ended September 30, 2002 are as follows:

	Metalworking process chemicals	Coatings	Total
Balance as of January 1, 2002	$11,081	$3,879	$14,960
Goodwill additions	5,532	3,279	8,811
Currency translation adjustments	(2,504)	--	(2,504)
Balance as of September 30, 2002	$14,109	$7,158	$21,267

Goodwill additions are subject to post-closing adjustments.

Gross carrying amounts and accumulated amortization for intangible assets as of September 30, 2002, are as follows:

	Gross carrying Amount	Accumulated Amortization
Amortized intangible assets		
Customer lists and rights to sell	$3,850	$ 286
Trademarks and patents	2,300	1,526
Formulations and product technology	1,420	110
Other	1,464	1,053
Total	$9,034	$2,975

Estimated annual aggregate amortization expense for the current year and subsequent five years is as follows:

For the year ended December 31, 2002	$695
For the year ended December 31, 2003	$835
For the year ended December 31, 2004	$698
For the year ended December 31, 2005	$696
For the year ended December 31, 2006	$696
For the year ended December 31, 2007	$327

Note 9 - Debt

In April 2002, the Company entered into a $20.0 million committed credit facility, with a bank, which expires in April 2003. At the Company's option, the interest rate for borrowings under the agreement may be based on the lender's cost of funds plus a margin, LIBOR plus a margin, or on the prime rate. The provisions of the agreement require that the Company maintain certain financial ratios and covenants, all of which the Company was in compliance with as of September 30, 2002. A total of $13.0 million in borrowings was outstanding under this facility as of September 30, 2002 at an average borrowing rate of approximately 2.4%.

In April 2002, the Company entered into a $10.0 million uncommitted demand credit facility with the same lender under similar terms. A total of $10.0 million in borrowings under this facility was outstanding as of September 30, 2002 at an average borrowing rate of approximately 2.4%.

These facilities replaced an uncommitted facility in the amount of $18.0 million, which was terminated in July 2002, with all balances outstanding repaid through borrowings under the new facilities discussed above.

Note 10 - 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. In connection with these activities the Company recorded pre-tax charges totaling $500 and $1,500 in 2001 and 2000, respectively. The Company believes that the potential-known liabilities associated with these matters ranges from approximately $1,200 to $2,100, for which the Company has sufficient reserves. Notwithstanding the foregoing, the Company cannot be certain that liabilities in the form of remediation expenses, 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 $226 and $260 was accrued at September 30, 2002 and December 31, 2001, respectively, to provide for such anticipated future environmental assessments and remediation costs.

A non-operating subsidiary of the Company acquired in 1978 had sold certain asbestos containing products. This subsidiary is a co-defendant in claims filed by multiple claimants alleging injury due to exposure to asbestos. Effective October 31, 1997, the subsidiary's insurance carriers have agreed to be responsible for all damages and costs (including attorneys' fees) arising out of all existing and future asbestos claims up to applicable policy limits. Although there can be no assurance regarding the potential liabilities associated with the existing claims proceedings, the subsidiary believes that it has adequate primary and excess insurance coverage for its potential liabilities related to claims of which it is aware. If the subsidiary insurance coverage were to be ever exhausted, the Company is not required to and will not fund the subsidiary's liabilities in excess of coverage. In the absence of insurance at the subsidiary level, asbestos claimants might pursue derivative or other claims against the Company in an effort to hold it liable for the acts and/or omissions, if any, of the subsidiary. The Company believes, although it can give no assurances, that it would be successful defending any such claims.

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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Net cash flows provided by operating activities were $13.3 million in the first nine months of 2002 compared to $15.5 million in the same period of 2001. The decrease was primarily due to increases in the changes in accounts receivable, inventories, and decreases in restructuring liabilities, offset by increases in the changes in accounts payable and accrued liabilities.

Net cash flows used in investing activities were $29.1 million in the first nine months of 2002 compared to $5.3 million in the same period of 2001. The increase was primarily related to payments of $21.3 million in 2002 related to the acquisitions of United Lubricants Corporation ("ULC") and Epmar Corporation ("Epmar"), compared to a payment of $1.5 million related to an acquisition in 2001. See also Note 7 Business Acquisitions.

Expenditures for property, plant, and equipment totaled $7.6 million in the first nine months of 2002 compared to $5.0 million in the same period of 2001. The increase in spending was primarily the result of the project to implement a global transaction system and the move into new corporate headquarters. Capital expenditures for 2002 are expected to be approximately $12 million.

Net cash flows provided by financing activities were $18.5 million for the first nine months of 2002 compared with a net cash use of $4.8 million for the same period of the prior year. The net change was due to approximately $23.0 million of short-term borrowings in 2002, primarily used to finance the ULC and Epmar acquisitions.

In April 2002, the Company entered into a $20.0 million committed credit facility, with a bank, which expires in April 2003. At the Company's option, the interest rate for borrowings under the agreement may be based on the lender's cost of funds plus a margin, LIBOR plus a margin, or on the prime rate. The provisions of the agreement require that the Company maintain certain financial ratios and covenants, all of which the Company was in compliance with as of September 30, 2002. A total of $13.0 million in borrowings was outstanding under this facility as of September 30, 2002 at an average borrowing rate of approximately 2.4%.

In April 2002, the Company entered into a $10.0 million uncommitted demand credit facility with the same lender under similar terms. A total of $10.0 million in borrowings under this facility was outstanding as of September 30, 2002 at an average borrowing rate of approximately 2.4%.

These facilities replaced an uncommitted facility in the amount of $18.0 million, which was terminated in July 2002, with all balances outstanding repaid through borrowings under the new facilities discussed above.

Despite the Company's acquisitions, the Company believes that its balance sheet remains strong with approximately $23 million of cash at the end of September. It is the intent of the Company to utilize some of this cash to pay down a portion of the Company's short term borrowings in the fourth quarter of 2002. The Company believes that its current credit facilities, which expire in April of 2003, will be renewed or replaced at competitive rates upon their termination in 2003. Accordingly, the Company believes, that in 2002 and 2003, it is capable of supporting its operating requirements, payments of dividends to shareholders, possible acquisition opportunities, and possible resolution of contingencies, through internally generated funds supplemented with debt as needed. Financial market declines have reduced the asset value of the Company's pension plans and will likely result in a non-cash charge to equity in the fourth quarter. The amount of the charge will depend on 2002 investment returns. The charge will have no effect on 2002 net income. In addition, in 2003, the Company is likely to have mandatory cash contributions to its plan that are approximately $2 million higher than 2002 levels.

Operations

Sales and cost of sales for the third quarter and nine months of 2002 are approximately $575 higher than previously reported in its October 30, 2002 press release. The change is due to a review and determination that a recent chemical management service arrangement should be reported on a gross basis based on the nature of the integrated product and service offering versus net as an agent. This reclassification had no effect on gross margin and accordingly net income.

Comparison of First Nine Months 2002 with First Nine Months 2001

Consolidated net sales for the first nine months of 2002 were $202.7 million, compared to $192.8 million in the first nine months of 2001. The sales comparison was favorably impacted by the inclusion of revenues from the acquisitions of ULC and Epmar earlier this year, as well as the purchase of a controlling interest in the Company's South Africa joint venture, which was effective July 1, 2002. Sales increases were also partially offset by unfavorable foreign currency translations. At constant exchange rates and excluding revenue from acquisitions, consolidated net sales would have been essentially flat compared to 2001.

Cost of sales decreased as a percentage of sales from 59.5% in 2001 to 59.2% in 2002. The improvement was primarily a result of lower raw material costs.

Selling, general and administrative (SG&A) expenses of $66.0 million in the first nine months of 2002 were approximately 12% higher than the $58.9 million reported in the first nine months of 2001. The increase was primarily the result of SG&A expenses of ULC, Epmar and South Africa, and higher pension, insurance, and other administrative costs. The first nine months of 2002 were also favorably impacted by the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Upon adoption of SFAS No. 142, the company no longer amortizes goodwill. The Company reported approximately $0.8 million of goodwill amortization in the first nine months of 2001. In addition, in the third quarter of 2001 the Company recorded an additional reserve for doubtful accounts of $0.5 million related to the poor financial condition of certain U.S. steel customers that filed for bankruptcy protection under the provisions of Chapter 11.

In the third quarter of 2001, the Company recorded restructuring and nonrecurring charges totaling $3.2 million on a pre-tax basis. These charges consist of restructuring charges of $3.0 million, primarily related to plans to close and sell our manufacturing facilities in the U.K. and France, as well as other cost reduction efforts. Nonrecurring organizational consulting expenses of $0.2 million were also incurred. See also Note 6 Restructuring and Nonrecurring Expenses.

Other income variance primarily reflects increased foreign exchange gains in the first nine months of 2002 compared with the first nine months of 2001, offset by lower license fee revenue in 2002 compared with 2001. Net interest expense was favorable in the first nine months of 2002 compared to the prior year, despite increased borrowings to fund the ULC and Epmar acquisitions, due to lower borrowing rates and the impact of principal payments made on the Company's higher rate long-term debt. Equity income in the first nine months of 2002 compared to the first nine months of 2001 reflects lower income year over year from the Company's joint venture in Mexico, the start up of the Company's real estate joint venture in Conshohocken, PA and the consolidation of the Company's South Africa joint venture. Minority interest was lower in the first nine months of 2002 compared with the same period last year, primarily due to lower net income from the Company's subsidiary in Brazil.

The effective tax rate for 2002 is currently 32%, compared to 31% in the prior year. The effective tax rate is dependent on many internal and external factors, and is assessed by the Company on a regular basis. The Company has been assessed approximately $2.6 million of additional taxes based on an audit of certain of its subsidiaries for prior years. The Company has initiated an appeal process related to this assessment and currently believes its reserves are adequate.

Comparison of Third Quarter 2002 with Third Quarter 2001

Consolidated net sales for the third quarter of 2002 were a record $73.3 million, a 15% increase compared to the third quarter of 2001. The sales comparison was favorably impacted by the inclusion of revenues from ULC, Epmar and South Africa. The impact of foreign currency translations was not material to the quarterly comparison, as the strengthening Euro was largely offset by the weakening Brazilian Real and Argentine Peso. At constant exchange rates and excluding ULC, Epmar and South Africa revenues, consolidated net sales would have been up approximately 5% compared to 2001.

Cost of sales decreased as a percentage of sales from 60.4% in the third quarter of 2001 to 59.9% in the third quarter of 2002. The improvement was primarily a result of lower raw material costs.

Selling, general and administrative (SG&A) expenses in the third quarter of 2002 were up $3.6 million from the third quarter of 2001. SG&A expenses of ULC, Epmar and South Africa accounted for approximately one half of the quarterly increase. Higher pension, insurance, and other administrative costs were also factors. The third quarter of 2002 was also favorably impacted by the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Upon adoption of SFAS No. 142, the company no longer amortizes goodwill. The Company reported approximately $0.2 million of goodwill amortization in the third quarter of 2001. In addition, in the third quarter of 2001 the Company recorded an additional reserve for doubtful accounts of $0.5 million related to the poor financial condition of certain U.S. steel customers that filed for bankruptcy protection under the provisions of Chapter 11.

In the third quarter of 2001, the Company recorded restructuring and nonrecurring charges totaling $3.2 million on a pre-tax basis. These charges consist of restructuring charges of $3.0 million, primarily related to plans to close and sell our manufacturing facilities in the U.K. and France, as well as other cost reduction efforts. Nonrecurring organizational consulting expenses of $0.2 million were also incurred. See also Note 6 Restructuring and Nonrecurring Expenses.

Other income variance primarily reflects foreign exchange gains in the third quarter of 2002 compared with foreign exchange losses in the third quarter of 2001. Net interest expense was unfavorable in the third quarter of 2002 compared to the prior year, due to increased borrowings to fund the ULC and Epmar acquisitions. Equity income in the third quarter of 2002 was down compared to equity income in the third quarter 2001 due to the consolidation of South Africa. Minority interest was higher in the third quarter of 2002 compared with the same period last year, as a result of the consolidation of South Africa

The uncertain global economic and political environment and rising raw material prices creates uncertainty regarding fourth quarter earnings. However, the Company currently expects to achieve similar earnings in the fourth quarter as the third quarter, which provides the prospect that earnings for the full year 2002 will slightly exceed 2001 full-year earnings, which exclude the 2001 special items. Earnings for the full-year 2001, excluding special items, were $1.49 per share. Special items totaling $0.65 per share are inclusive of the following: $0.20 for facility rationalization costs, $0.20 for severance costs, $0.04 for costs related to abandoned acquisitions, $0.15 for additional provisions for doubtful accounts, $0.02 for organizational structure costs and $0.04 for increases in environmental reserves.

Regarding 2003, the Company is anticipating U.S. pension costs will be $0.08 to $0.12 higher per share, depending on 2002 investment returns. In addition, raw material prices are expected to be higher in 2003. The Company is currently in the midst of the budget process and a full year 2003 forecast is not yet available. However, it is the goal of the Company to have increased earnings year over year.

Other Significant Items

On March 1, 2002, the Company acquired certain assets and liabilities of United Lubricants Corporation for approximately $14.0 million. The acquisition resulted in the recognition of approximately $5.4 million of goodwill and $2.4 million of intangible assets. Pro-forma results of operations have not been presented because the effects were not material.

On April 22, 2002, the Company acquired all of the outstanding stock of Epmar Corporation for $7.6 million and the assumption of $0.4 million of debt. The acquisition resulted in the recognition of approximately $3.3 million of goodwill and $2.9 million of intangible assets. Pro-forma results of operations have not been presented because the effects were not material.

Effective July 1, 2002, the Company acquired a controlling interest in Quaker Chemical South Africa (Pty.) Ltd (South Africa), a previously fifty-percent owned joint venture. As a result, South Africa, previously reported using the equity method, is now a fully consolidated subsidiary. The effect of this change was not material to the financial statements.

Euro Conversion

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 may be used in business transactions. In January 2002, new euro-denominated bills and coins were issued, and legacy currencies were withdrawn from circulation. The Company's operating subsidiaries affected by the euro conversion executed plans to address the systems and business issues raised by the euro currency. The euro conversion did not have a material adverse impact on the Company's financial condition or results of operations.

Forward-Looking and Cautionary Statements

Except for historical information and discussions, statements contained in this Form 10-Q 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, further downturns in our customers' businesses, significant increases in raw material costs, worldwide economic and political conditions, foreign currency fluctuations and future terrorist attacks such as those that occurred on September 11, 2001. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance or durable goods manufacturers.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Interest Rate Risk. Quaker's exposure to market rate risk for changes in interest rates relates primarily to its short and long-term debt. Most of Quaker's long-term debt has a fixed interest rate, while its short-term debt is negotiated at market rates which can be either fixed or variable. Incorporated by reference is the information in "Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 of the Notes to Consolidated Financial Statements beginning on pages 10 and 31, respectively, of the Registrant's 2001 Annual Report filed on Form 10-K. Accordingly, if interest rates rise significantly, the cost of short-term debt to Quaker will increase. This can have an adverse effect on Quaker depending on the extent of Quaker's short-term borrowings. As of September 30, 2002, Quaker had $23.0 million of short-term borrowings.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings is generated by its foreign subsidiaries. These foreign subsidiaries also hold a significant portion of Quaker's assets and liabilities. Incorporated by reference is the information concerning Quaker's non-U.S. activities appearing in Note 11 of the Notes to Consolidated Financial Statements beginning on page 35 of the Registrant's 2001 Annual Report filed on Form 10-K. Each such subsidiaries uses its local currency as their functional currency. Accordingly, Quaker's financial results are affected by risks typical of global business such as currency fluctuations, particularly between the U.S. dollar, the Brazilian real 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. Quaker is not currently a party to any derivative financial instruments. Therefore, adoption of SFAS No. 133, as amended by SFAS No. 138, did not have a material impact on Quaker's operating results or financial position as of September 30, 2002.

Commodity Price Risk. Many of the raw materials used by Quaker are commodity chemicals, and, therefore, Quaker's 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 material rises, however, in certain limited circumstances, Quaker will not realize the benefit if such price declines. Quaker has not been, nor is it currently a party to, any derivative financial instrument relative to commodities.

Credit Risk. Quaker establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Quaker's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Downturns in the overall economic climate may also tend to exacerbate specific customer financial issues. A significant portion of Quaker's revenues is derived from sales to customers in the U.S. steel industry where a number of bankruptcies occurred during recent years. In 2001 and early 2002, Quaker recorded additional provisions for doubtful accounts primarily related to bankruptcies in the U.S. steel industry. When a bankruptcy occurs, Quaker must judge the amount of proceeds, if any, that may ultimately be received through the bankruptcy or liquidation process. In addition, as part of its terms of trade, Quaker may custom manufacture products for certain large customers and/or may ship product on a consignment basis. These practices may increase the Company's exposure should a bankruptcy occur, and may require writedown or disposal of certain inventory due to its estimated obsolescence or limited marketability. Customer returns of products or disputes may also result in similar issues related to the realizability of recorded accounts receivable or returned inventory. Incorporated by reference is the information in "Critical Accounting Policies and Estimates" and "Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on pages 8 and 10 respectively, of the Registrant's 2001 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures. The Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)), based on their evaluation of such controls and procedures conducted within 90 days prior to the date hereof, are effective to ensure that information required to be disclosed by the Company in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

b. Changes in internal controls. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referred to above.

PART II. OTHER INFORMATION

Items 1,2,3, 4 and 5 of Part II are inapplicable and have been omitted.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

99.1 - Certification of Ronald J. Naples
99.2 - Certification of Michael F. Barry

(b) Reports on Form 8-K.
No reports on Form 8-K were filed during the quarter for which this report is filed.

* * * * * * * * *

Pursuant to the requirements 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)

/s/ Michael F. Barry
Michael F. Barry, officer duly
authorized to sign this report,
Vice President and Chief Financial Officer

Date: November 14, 2002

CERTIFICATION

I, Ronald J. Naples, the Chief Executive officer of Quaker Chemical Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quaker Chemical Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Date: November 14, 2002                  Signed: /s/ Ronald J. Naples
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                                           Name: Ronald J. Naples
                                                 ------------------------------
                                          Title: Chief Executive Officer
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                                                 of Quaker Chemical Corporation
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CERTIFICATION

I, Michael F. Barry, the Chief Financial Officer of Quaker Chemical Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quaker Chemical Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

Signed: /s/ Michael F. Barry

Name: Michael F. Barry

Title: Chief Financial Officer
of Quaker Chemical Corporation

EXHIBIT 99.1

CERTIFICATION PURSUANT TO 18 U.S. C. SECTION 1350

The undersigned hereby certifies that the Form 10-Q Quarterly Report of Quaker Chemical Corporation (the "Company") for the quarterly period ended September 30, 2002 filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2002

/s/ Ronald J. Naples

Ronald J. Naples

Chief Executive Officer of Quaker
Chemical Corporation

EXHIBIT 99.2

CERTIFICATION PURSUANT TO 18 U.S. C. SECTION 1350

The undersigned hereby certifies that the Form 10-Q Quarterly Report of Quaker Chemical Corporation (the "Company") for the quarterly period ended September 30, 2002 filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2002

/s/ Michael F. Barry

Michael F. Barry,

Chief Financial Office of Quaker
Chemical Corporation