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, 1997

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.)

Elm and Lee Streets, 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 November 10, 1997 8,712,695

PART I. FINANCIAL INFORMATION

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION

The following condensed financial statements are filed as part of this quarterly report on Form 10-Q:

Consolidated Balance Sheet at September 30, 1997 and December 31, 1996

Consolidated Statement of Operations for the nine months ended September 30, 1997 and 1996

Consolidated Statement of Operations for the three months ended September 30, 1997 and 1996

Consolidated Statement of Cash Flows for the nine months ended September 30, 1997 and 1996.

* * * * * * * * * *

NOTE TO CONDENSED FINANCIAL INFORMATION

The attached condensed financial information has been prepared in accordance with instructions for Form 10-Q and, therefore, does not include all financial note information which might be necessary for a fair presentation in accordance with generally accepted accounting principles. Such condensed financial information is unaudited, but in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of results for the periods indicated. The net income reported for the periods should not necessarily be regarded as indicative of net income on an annualized basis (see accompanying Management's Discussion and Analysis-Other Significant Items); however, significant variations from the results for the same period of the previous year, if any, have been disclosed in the accompanying Management's Discussion and Analysis. Certain reclassifications of prior years= data have been made to improve comparability.

Quaker Chemical Corporation

Consolidated Balance Sheet

	(dollars in thousands)	
	September 30, 1997 (Unaudited)	December 31, 1996 *
Assets		
Current assets		
Cash and cash equivalents	$ 9,854	$ 8,525
Accounts receivable	47,153	45,564
Inventories		
Raw materials and supplies	9,398	9,094
Work in process and finished goods	11,641	11,947
Deferred income taxes	4,404	4,840
Prepaid expenses and other current assets	7,548	6,582
Total current assets	89,998	86,552
Investments in and advances to associated companies	4,679	3,941
Property, plant and equipment, at cost		
Land	5,904	6,586
Buildings and improvements	31,349	32,680
Machinery and equipment	57,657	58,220
Construction in progress	1,439	1,476
	96,349	98,962
Less accumulated depreciation	55,405	55,002
Total property, plant and equipment	40,944	43,960
Goodwill, net	14,585	16,222
Deferred income taxes	9,504	9,278
Other noncurrent assets	4,486	5,655
Total noncurrent assets	28,575	31,155
	$164,196	$165,608

* Condensed from audited financial statements.

Quaker Chemical Corporation

Consolidated Balance Sheet

	(dollars in thousands)	
	September 30, 1997 (Unaudited)	December 31, 1996 *
Liabilities		
Current liabilities		
Short-term borrowings, current portion of long-term debt, notes payable and capital leases	$ 14,071	$ 17,404
Accounts payable	22,077	23,386
Dividends payable	1,560	1,508
Accrued liabilities	21,137	19,843
Estimated taxes on income	3,505	1,893
Total current liabilities	62,350	64,034
Long-term debt, notes payable and capital leases	5,205	5,182
Deferred income taxes	3,230	3,222
Accrued postretirement benefits	8,979	8,898
Other noncurrent liabilities	5,447	6,255
Total noncurrent liabilities	22,861	23,557
Total liabilities	85,211	87,591
Minority interest in equity of subsidiaries	3,583	3,763
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	869	634
Retained earnings	80,252	74,317
Unearned compensation	(892)	(459)
Foreign currency translation adjustments	615	6,475
	90,508	90,631
Treasury stock, shares held at cost; 1997 - 953,516; 1996 - 1,044,452	(15,106)	(16,377)
Total shareholders' equity	75,402	74,254
	$164,196	$165,608

* Condensed from audited financial statements

Quaker Chemical Corporation

Consolidated Statement of Operations
Nine Months Ended September 30,

	Unaudited (dollars in thousands except per share data)	
	1997	1996
Net sales	$177,542	$179,802
Costs and expenses		
Cost of goods sold	99,519	103,862
Selling, administrative and general expenses	64,908	64,264
Repositioning charges		13,100
Gain on sale of European pulp and paper business	2,621	-
	161,806	181,226
Income (loss) from operations	15,736	(1,424)
Other income, net	1,414	1,154
Interest expense	(1,168)	(1,476)
Interest income	200	275
Income (loss) before taxes	16,182	(1,471)
Taxes on income	6,342	197
	9,840	(1,668)
Equity in net income of associated companies	941	287
Minority interest in net income of subsidiaries	(238)	(176)
Net income (loss)	$ 10,543	$ (1,557)
Per share data:		
Net income (loss)	$1.22	($0.18)
Dividends declared	$0.53	$0.515
Based on weighted average number of shares outstanding	8,661,836	8,588,918

Quaker Chemical Corporation

Consolidated Statement of Operations
Three Months Ended September 30,

	Unaudited (dollars in thousands except per share data)	
	1997	1996
Net sales	$ 58,687	$ 61,813
Costs and expenses		
Cost of goods sold	32,362	35,672
Selling, administrative and general expenses	21,260	21,760
Repositioning charges		13,100
	53,622	70,532
Income (loss) from operations	5,065	(8,719)
Other income, net	432	334
Interest expense	(374)	(468)
Interest income	95	79
Income (loss) before taxes	5,218	(8,774)
Taxes on income	2,081	(2,724)
	3137	(6,050)
Equity in net income of associated companies	321	185
Minority interest in net income of subsidiaries	(139)	(16)
Net income (loss)	$ 3,319	$ (5,881)
Per share data:		
Net income (loss)	$0.38	($0.68)
Dividends declared	$0.18	$0.34
Based on weighted average number of shares outstanding	8,704,525	8,558,223

Quaker Chemical Corporation

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

	Unaudited (dollars in thousands)	
	1997	1996
Cash flows from operating activities		
Net income	$10,543	$(1,557)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,630	4,632
Amortization	1,435	1,633
Equity in net income of associated companies	(941)	(287)
Minority interest in earnings of subsidiaries	210	176
Deferred income taxes	33	(2,672)
Deferred compensation and other postretirement benefits	592	583
Repositioning charges, net		12,600
Net change in repositioning liability	(2,767)	(764)

Gain on sale of European pulp and paper business	(2,621)	-
Other, net	428	(263)
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(4,547)	(5,415)
Inventories	(577)	1,153
Prepaid expenses and other current assets	(3,904)	1,454
Accounts payable and accrued liabilities	4,519	7,199
Estimated taxes on income	2,758	2,893
Net cash provided by operating activities	8,791	21,365
Cash flows from investing activities		
Dividends from associated companies	603	1,158
Investments in property, plant, equipment and other assets	(3,753)	(4,076)
Investments in and advances to associated companies	(318)	(1,073)
Proceeds from the sale of assets	-	683
Preceeds from sale of European pulp and paper business	3,053	-
Other, net	(146)	-
Net cash used in investing activities	(561)	(3,308)
Cash flows from financing activities		
Net increase in short-term borrowings and notes payable	821	1,032
Repayment of long-term debt, notes payable and capital leases	(4,090)	(4,091)
Dividends paid	(4,608)	(4,427)
Treasury stock issued	1,506	323
Treasury stock acquired	-	(1,587)
Net cash used in financing activities	(6,371)	(8,750)
Effect of exchange rate changes on cash	(530)	(818)
Net increase in cash and cash equivalents	1,329	8,489
Cash and cash equivalents at beginning of period	8,525	7,230
Cash and cash equivalents at end of period	$ 9,854	$15,719

Supplemental cash flow information
Cash paid for income taxes and interest was as follows:

Income taxes	$5,802	$ 5,125
Interest	1,265	1,645

Management's Discussion and Analysis of

Financial Condition and Results of Operations

Liquidity and Capital Resources

Net cash flow provided by operating activities amounted to $8.8 million in the first nine months of 1997 compared to $21.3 million in the same period of 1996. The decrease was principally due to the timing of a tax refund in 1996, the timing of payments related to the 1996 repositioning program and other operating working capital changes.

The Company's net cash position (cash and cash equivalents plus short-term investments less short-term borrowings and current portion of long-term debt and capital leases) increased $4.7 million from December 31, 1996 primarily as a result of decreased short-term borrowings, proceeds received from the sale of the European pulp and paper business and improved operating performance. The current ratio at September 30, 1997 was 1.4 to 1, unchanged from December 31, 1996.

Operations
Comparison of Nine Months 1997 with Nine Months 1996

Through nine months, consolidated net sales decreased by 1% as compared to the same period of 1996. The decrease in sales was the net result of a 1% increase due to pricing initiatives and product sales mix and a 4% increase in volume offset by a 6% decrease due to foreign currency translation rates.

Operating income was $15.7 million as compared to a loss of ($1.6) million in 1996 The loss in 1996 was due to a pretax repositioning charge of $13.1 million (approximately $8.6 million after tax) taken in the third quarter of 1996. Excluding the repositioning charge, 1997 operating income was 16% higher than 1996. The improvement was mainly attributable to a one-time gain of $2.6 million from the sale of the European pulp and paper business, higher gross margins resulting from an improved sales mix, benefits associated with the 1996 repositioning of operations and lower overall selling, general and administrative expenses. The Company's gross profit margin as a percentage of sales increased 2% mainly due to the benefits associated with the consolidation of manufacturing operations in the United States, a generally improved sales mix in the United States and Europe, stable raw material costs and pricing initiatives implemented over the past year, primarily in Europe. Selling, administrative and general expenses as a percentage of sales increased 1% over 1996 due mainly to planned spending to support strategic initiatives.

Net interest costs decreased slightly due to reduced financing costs associated with lower overall debt levels. Other income increased due to higher license fee income and gains from foreign exchange transactions. The increase in equity in net income from associated companies was primarily due to reduced losses incurred by the Company's Fluid Recycling Services joint venture. Earnings per share were $1.22 as compared to ($0.18) in 1996. Excluding the 1997 gain on the sale of the European pulp and paper business and the 1996 repositioning charge earnings per share increased 23% to $1.02 from $0.83. Excluding a negative foreign currency translation impact of approximately $.16 per share due to the strengthening of the dollar, primarily against the Dutch guilder earnings per share improved 42% over last year.

Comparison of Third Quarter 1997 with Third Quarter 1996

Consolidated net sales for the third quarter of 1997 decreased 5% versus the third quarter of 1996. The decrease was the net result of a 1% increase in price and sales mix and a 1% volume increase offset by a 7% decrease from currency translation. Operating income, excluding the aforementioned third quarter 1996 repositioning charge of $13.1 million, increased 16%. The increase was due mainly to higher gross margins resulting from an improved sales mix, manufacturing consolidation savings and lower overall selling, general and administrative expenses.

The reasons for changes in operating margin percentages, net interest costs, and equity in net income of associated companies in the third quarter 1997 versus the third quarter 1996 are basically the same as those previously mentioned for the comparative nine-month periods. Other income increased in the quarter mainly as a result of gains from foreign exchange transactions. Excluding the 1996 repositioning charge earnings per share for the three months ended September 30, 1997 and 1996 were $0.38 and $0.33, respectively. The represents a 15% increase over the prior year despite a negative foreign currency translation impact of approximately $0.06 (33% increase excluding the negative impact) per share due to the strengthening of the dollar, primarily against the Dutch guilder.

Other Significant Items:

In February 1997, the Financial Accounting Standards Board issued "Statement of Financial Accounting Standards (SFAS) No. 128 - Earnings Per Share." This Standard becomes effective for the Company in the fourth quarter of 1997 and requires two presentations of earnings per share, "basic" and "diluted". Had this standard been in effect for the third quarter of 1997, earnings per share on a pro forma basis would have been:

	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1997
Basic (same as reported)	$0.38	$1.22
Diluted	$0.38	$1.21

"Diluted Earnings Per Share" is less than "Basic Earnings Per Share" , principally due to the assumed increase in the number of average shares outstanding resulting from outstanding options where the average market price of the company's stock was in excess of the related option prices.

During 1997 the Financial Accounting Standards Board issued SFAS No. 130 - Reporting Comprehensive Income and SFAS No. 131 - Disclosures about Segments of an Enterprose and Related Information. SFAS No. 130 and SFAS No. 131 are effective in 1998. The Company is currently assessing the impact these new standards will have on its financial statements. SFAS No. 130 requires that the components of comprehensive income be reported in the financial statements. SFAS No. 131 requires the disclosure of segment information utilizing the approach that the Company uses to manage its internal organization. Also, SFAS No. 131 requires the reporting of segment information on a condensed basis for interim periods beginning in 1999.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

On or about October 24, 1996, Petrolite Corporation and its subsidiary, Petrolite Holdings, Inc. (collectively, "Petrolite") filed a Demand for Arbitration with the American Arbitration Association and a Petition with the Circuit Court for the County of St. Louis, State of Missouri, against the Registrant and certain of its subsidiaries (collectively, the "Company"). The actions arise out of a Technology Purchase Agreement (the "Agreement") between Petrolite and the Company dated April 13, 1993, as amended, pursuant to which the Company sold various assets, including a patent (the "Patent"), to Petrolite for a purchase price of approximately $8.5 million plus an obligation to pay royalties. In a suit brought by Petrolite against Baker Hughes, Inc., et al. for infringement of the Patent, the United States District Court for the Western District of Oklahoma (No. CIV-94-311-M) affirmed by the United

States Court of Appeals for the Federal Circuit (No. 95-1447) declared all of the claims of the Patent invalid as a result of sales allegedly made by the Company more than one year prior to the filing of the Patent application. In its actions against the Company, Petrolite seeks damages in an unspecified amount, rescission of the Agreement, costs, and other relief. The Company believes that it has complete and meritorious defenses to the Petrolite actions and intends to vigorously defend the actions and deny liability and to pursue a claim against Petrolite for royalties. The bases for the Company's position include, but are not limited to, the Company specifically made no representations or warranties with respect to the validity of the Patent, all sales made by the Company prior to filing the Patent application were disclosed to Petrolite prior to closing under the Agreement and the findings made by the Court in Petrolite's suit with Baker Hughes, Inc. were the result of the failure of Petrolite's counsel to take certain required actions in the handling of the case.

Items 2, 3, 4 and 5 are inapplicable and have been omitted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

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

Exhibit 10(p)-Employment Agreement by and between Registrant and Joseph F. Virdone.*

Exhibit 27-Financial Data Schedule

(b) Reports on Form 8-K.
No report on Form 8-K was 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/ Richard J. Fagan
Richard J. Fagan, officer duly authorized to sign this report, Controller, Treasurer and Chief Accounting Officer.

Date: November 14, 1997

* A copy of Exhibit will be furnished upon request to:

Quaker Chemical Corporation
ATTENTION: Irene M. Kisleiko
Assistant Corporate Secretary
Elm and Lee Streets
Conshohocken, PA 19428

Exhibit 10(o)

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT
DATED AUGUST 14, 1995 BETWEEN
QUAKER CHEMICAL CORPORATION AND RONALD J. NAPLES

AMENDMENT NO. 1 ("Amendment"), dated and effective as of January 1, 1997, between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (the "Company"), and RONALD J. NAPLES ("Executive").

BACKGROUND:

The Company and Executive entered into an Employment Agreement dated August 14, 1995 (the "Employment Agreement"). The Company and Executive desire, by this Amendment No. 1, to amend the Employment Agreement in certain respects.

NOW, THEREFORE, intending to be legally bound hereby, the Company and Executive agree as follows:

1. Paragraph 4(b) of the Employment Agreement is hereby amended by adding thereto the following sentence:

"Notwithstanding anything contained in this Paragraph 4(b) to the contrary, this Paragraph 4(b) shall not apply to and Executive shall not participate in the Quaker Annual Incentive Compensation Plan for the years 1997 and 1998."

2. The Employment Agreement is hereby amended by adding thereto a new Paragraph 4.1 which reads as follows:

"4.1 1997 and 1998 Restricted Stock Awards.

(a) On or before June 30, 1997, the Company shall cause to be issued in Executive's name 35,000 shares of the Company's Common Stock as a restricted stock award for the years 1997 and 1998 (the "Award Shares"). Certificates representing the Award Shares shall be deposited with the Company together with stock powers endorsed by Executive in blank to be held in custody by the Company for the Executive's account. The certificates representing the Award Shares shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions of Paragraph 4.1 of an Employment Agreement between Quaker Chemical Corporation and Ronald J. Naples dated August 14, 1995, as amended. A copy of such Employment Agreement is on file in the offices of Quaker Chemical Corporation."

(b) On or before May 1 of each of the years 1997 and 1998, the Compensation Committee shall establish "Operating Income Financial Performance Criteria" for the Company for each of those years, and shall set levels thereof to be achieved so as to permit the delivery of 30%, 40% or 50% of the Award Shares to Executive for each such year.

(c) The Company shall deliver Award Shares to Executive free of the aforesaid legend and of all restrictions (except as otherwise provided in this Paragraph 4.1) in two installments of up to 17,500 Award Shares each on March_31, 1998 and 1999, provided that Executive is employed by the Company on the immediately preceding December 31. The number, if any, of Award Shares to be delivered to Executive in each such installment shall be determined by comparing the Company's actual results for the years 1997 and 1998, as the case may be, with the Operating Income Financial Performance Criteria established and levels set for such year pursuant to Paragraph 4.1(b). Interpolation shall be applied to determine the exact number of Award Shares to be delivered if the Company's results fall between the levels for a 30%, 40% or 50% delivery.

If by March 31, 1998, less than 17,500 Award Shares have been delivered or are deliverable to Executive, the difference between the number of Award Shares so delivered or deliverable and 17,500 shall be forfeited and transferred to the Company without further action by Executive or the Company.

If by March 31, 1999, less than 35,000 Award Shares have been delivered or are deliverable to Executive, the difference between the number of Award Shares so delivered or deliverable and 35,000 shall be forfeited and transferred to the Company without further action by Executive or the Company.

(d) During the period Award Shares are held in custody by the Company, Executive shall generally have the rights and privileges of a shareholder as to the Award Shares including the right to all cash or stock dividends paid with respect to the Award Shares and the right to vote the Award Shares, except that none of the Award Shares may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of by Executive except by will or the laws of dissent and distribution. Subject to Paragraph 4.1(e), all of the Award Shares remaining in the custody of the Company shall be forfeited to the Company and all rights of Executive to the Award Shares shall terminate without further obligation on the part of the Company upon the termination of Executive's employment with the Company. Upon such forfeiture of any Award Shares, the forfeited shares shall be transferred to the Company without further action by Executive or the Company.

(e) Notwithstanding anything contained in this Paragraph 4.1 to the contrary, if prior to December 31, 1998 Executive's employment with the Company shall terminate by reason of his death or by reason of his disability or if the Company shall terminate Executive's employment with the Company without "Cause", or Executive shall terminate his employment with the Company for "Good Reason", or there shall occur a "First Event" or a "Significant Transaction" (as each of said terms are defined in this Agreement), then, and in any such event, the Company shall, within thirty days after the occurrence of such event, pay and deliver to Executive or his personal representative, as the case may be, free of all restrictions (except as otherwise provided in this Paragraph 4.1), the remaining Award Shares in the custody of the Company which have not been delivered to Executive. The termination of Executive's employment on or after December 31, 1998 shall not affect his right, if any, to receive the delivery of Award Shares pursuant to Paragraph 4.1(c).

(f) In the event of a change in the outstanding shares of the Company's Common Stock through reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend, stock consolidation or otherwise, or in the event of a sale of all or substantially all of the assets of the Company, appropriate and proportionate adjustments shall be made by the Compensation Committee in the number and kind of shares of capital stock to be paid by the Company.

(g) The Company shall determine the appropriate amount of Federal, state and local withholding taxes or charges due as a result of the payment of the Award Shares, which amount the Company shall transmit to the appropriate taxing authority (the "Withholding Amount"). Executive may satisfy any such withholding tax obligation by any of the following means or by a combination of such means: (a) authorizing the Company to deduct from the number of Award Shares otherwise deliverable hereunder, such number of Award Shares as shall have a fair market value equal to the Withholding Amount; (b) delivering to the Company such number of unencumbered shares of the Company's Common Stock as shall have an aggregate fair market value equal to the Withholding Amount; or (c) tendering a cash payment.

(h) Award Shares will not be paid and delivered to Executive hereunder except in compliance with all applicable Federal and state laws and regulations including, without limitation, compliance with all Federal and state securities laws, withholding tax requirements and the rules of all stock exchanges, if any, on which the Company's Common Stock may be listed.

(i) Executive represents and warrants to the Company that he is and will be acquiring the Award Shares to be paid and delivered to him hereunder for investment for his own account and not with a view to the resale, distribution or public offering thereof. Executive acknowledges that he has been informed and is aware that the Award Shares are not and may not be registered under the Securities Act of 1933 and applicable state securities laws (and that the Company has no obligation to effect such registration) and must be held indefinitely until they are subsequently registered under said Act or an exemption from such registration is available; and that routine sales of securities made in reliance upon SEC Rule 144 can be made only in limited amounts in accordance with the terms and conditions of that Rule and subject to compliance with Section 16 of the Securities Exchange Act of 1934.

(j) Any share certificate delivered to Executive hereunder may bear such legends and statements as the Company shall deem advisable to assure compliance with Federal and state laws and regulations. The Company may require Executive to execute and deliver to the Company an agreement or other instrument evidencing Executive's acceptance of the terms and conditions hereof or as may be deemed necessary to effectuate the provisions of this Agreement."

3. Except as specifically provided herein, the Employment Agreement remains in full force and effect without further modification or amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 1 as of the day and year first above written.

QUAKER CHEMICAL CORPORATION

By:

RONALD J. NAPLES

Exhibit 10(p)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, made and entered into as of the 17th_day of July 1996, by and between QUAKER CHEMICAL CORPORATION, a Pennsylvania corporation (hereinafter referred to as "QUAKER"), and JOSEPH F. VIRDONE (hereinafter referred to as "VIRDONE").

W I T N E S S E T H:

WHEREAS, QUAKER wishes to employ VIRDONE, and VIRDONE wishes to be employed by QUAKER.

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

1. QUAKER agrees to employ VIRDONE, and VIRDONE agrees to serve as Vice President, U.S. Commercial Operations of QUAKER. He shall perform all duties consistent with such position as well as any other duties which are assigned to him from time to time by the Board of Directors or President of QUAKER. VIRDONE covenants and agrees that he will, during the term of this Employment Agreement or any extension or renewal thereof, devote his knowledge, skill, and working time solely and exclusively to the business and interests of QUAKER.

2. The term of VIRDONE's employment shall continue until December 31, 1996 and continuing thereafter until either party hereto shall have given the other at least ninety (90) days' written notice of a desire to terminate.

3. QUAKER shall pay to VIRDONE and VIRDONE shall accept an annual rate of salary as set forth in Exhibit A attached hereto, payable semi-monthly, during the term of this Employment Agreement or any extension or renewal thereof.

4. VIRDONE shall participate in such QUAKER Incentive Programs as described and set forth in Exhibit A. As an Officer of QUAKER, the particulars of Exhibit A may be amended by the Board of Directors at any time as to any matter set forth therein including rate of annual salary, eligibility to participate in any given QUAKER incentive plan, the level of participation in any QUAKER incentive plan, and the terms and conditions of any QUAKER incentive plan. Any changes to Exhibit A shall not affect any of the other terms and conditions hereof including, without limitation, the provisions of Paragraphs 7 through 9. For the purposes of this Agreement, the term "QUAKER Incentive Program" shall refer to each individual as well as the combined incentive programs approved by the Board of Directors. Revisions to Exhibit A shall become effective upon notification in writing by QUAKER and VIRDONE's acceptance by his signature on the notification.

5. (a) With respect to Quaker's Long-Term Performance Incentive Plan (the "Incentive Plan"), VIRDONE shall be eligible to participate in the 1995-1998 performance award period under the terms and conditions of the Incentive Plan. In connection therewith, he has been granted Stock Options to purchase 5,000 shares (to be priced as of the close of business July 17, 1996). He is also eligible for an award of 7,000 performance units.

(b) VIRDONE shall be entitled to his current vacation eligibility, paid holidays, and such other employee benefits, including insurance, medical benefits, profit sharing, and retirement benefits as are made generally available to all QUAKER employees. In addition, VIRDONE shall be eligible to participate in Quaker's Supplemental Retirement Income Program.

(c) QUAKER shall reimburse VIRDONE for all reasonable expenses incurred by VIRDONE on behalf of QUAKER in the course of VIRDONE's employment under this Employment Agreement, provided that such expenses shall have been approved by QUAKER in accordance with such expense reimbursement procedures as shall be adopted by QUAKER.

6. In the event of the death of VIRDONE while this Employment Agreement is in effect and as to which no notice of termination has been given by either party, QUAKER shall (i) continue to pay a sum of money equal to the salary that would have been paid to him for four months following his death just as if he were living, and (ii) QUAKER shall pay a death benefit equal to his then current annual salary plus $30,000 to be paid in three equal payments, without interest, on the 16, 28, and 40 month anniversary of the date of his death. Payments made pursuant to this Paragraph 6 shall be made to the person or persons who may be designated by VIRDONE, in writing, and, in the event he fails to so designate to whom payments shall be made, payments shall be made to VIRDONE's personal representatives.

7. VIRDONE acknowledges that information concerning the method and conduct of QUAKER's (and any affiliates') business, including, without limitation, strategic and marketing plans, budgets, corporate practices and

procedures, financial statements, customer and supplier information, formulae, formulation information, application technology, manufacturing information, and laboratory test methods and all of QUAKER's (and any affiliates') manuals, documents, notes, letters, records, and computer programs are QUAKER's (and/or QUAKER's affiliates', as the case may be) trade secrets ("Trade Secrets") and are the sole and exclusive property of QUAKER (and/or QUAKER's affiliates, as the case may be). VIRDONE agrees that at no time during or following his employment with QUAKER will he use, divulge, or pass on, directly or through any other individual or entity, any Trade Secrets. Upon termination of VIRDONE'S employment with QUAKER, or at any other time upon QUAKER's request, VIRDONE agrees to forthwith surrender to QUAKER any and all materials in his possession or control which include or contain any such Trade Secrets. The words "Trade Secrets" do not include information already known to the public through no act or failure to act on the part of VIRDONE, required by law to be disclosed, or which can be clearly shown to have been known by VIRDONE prior to the commencement of his employment with QUAKER.

8. VIRDONE agrees that during his employment and for a period of one (1) year thereafter, regardless of the reason for the termination of VIRDONE's employment hereunder, he will not:

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

(b) recruit or solicit any employee of QUAKER or otherwise induce such employee to leave the employ of QUAKER or to become an employee or otherwise be associated with his or any firm, corporation, business or other entity with which he is or may become associated; and

(c) solicit, directly or indirectly, for himself or as agent or employee of any person, partnership, corporation, or other entity (other than for QUAKER) any then or former customer, supplier, or client of QUAKER.

VIRDONE acknowledges and agrees that all of the foregoing restrictions are reasonable as to the period of time and scope. However, if any paragraph, sentence, clause, or other provision is held invalid or unenforceable by a court of competent and relevant jurisdiction, such provision shall be deemed to be modified in a manner consistent with the intent of such original provision so as to make it valid and enforceable, and this Agreement and the application of such provision to persons and circumstances other than those with respect to which it would be invalid or unenforceable shall not be affected thereby. VIRDONE agrees and recognizes that in the event of a breach or threatened breach of the provisions of the restrictive covenants contained in Paragraph 7 or in this Paragraph 8, QUAKER may suffer irreparable harm, and monetary damages may not be an adequate remedy. Therefore, if any breach occurs or is threatened, in addition to all other remedies available to QUAKER at law or in equity, Quaker shall be entitled as a matter of right to specific performance of the covenants of Quaker contained herein by way of temporary or permanent injunctive relief. In the event of any breach of the restrictive covenant contained in this Paragraph 8, the term of the restrictive covenant specified herein shall be extended by a period of time equal to that period beginning on the date such violation commenced and ending when the activities constituting such violation cease.

9. (a) Definitions. For the purposes of this agreement, the following definitions shall apply and will be used:

(i) "Act" means the Securities Exchange Act of 1934, as amended;

(ii) "QUAKER's Common Stock" means shares of Common Stock, $1.00 par value, of QUAKER;

(iii) "Termination for Cause" means VIRDONE's employment with QUAKER shall have been terminated by QUAKER by reason of either:

(1) The willful and continued failure by VIRDONE to execute his duties under this Employment Agreement; or

(2) The willful engaging by VIRDONE in a continued course of misconduct which is materially injurious to QUAKER, monetarily or otherwise.

VIRDONE shall have been given notice thereof from QUAKER's Board of Directors and an opportunity (with counsel) to be heard by said Board of Directors, and the Board of Directors shall have made a reasonable and good faith finding that VIRDONE was guilty of the conduct set forth in clause (1) or (2) hereof.

(iv) "Termination for Good Reason" means VIRDONE's employment with QUAKER shall have been terminated by VIRDONE by reason of a material change announced or promulgated by QUAKER in the terms, conditions, duties, compensation, or benefits of VIRDONE's employment with QUAKER and not agreed to by VIRDONE.

(b) The purpose of this Paragraph 9 is to reinforce and encourage the continued dedication and attention of VIRDONE to VIRDONE's assigned duties under this Employment Agreement without distraction as a result of circumstances which may arise from the possibility of a change of control or an attempt to change the control of QUAKER.

(i) Upon the occurrence of a "First Event," QUAKER will deposit in an escrow account at CoreStates Bank, N.A. (or such other bank as QUAKER may hereafter designate) (the "Bank") an amount equal to VIRDONE's then current annual salary for an eighteen (18) month period ("Termination Pay"). A First Event for the purposes of this Agreement shall mean any one of the following events.

(1) Shares of QUAKER's Common Stock are acquired (other than directly from QUAKER in exchange for cash or property) by any person (as used in Sections 13 and 14 of the Act) other than a person who is a present Officer or Director of QUAKER, who thereby becomes the beneficial owner (as defined in Rule 13d-3 under the Act) of more than 10% of the issued and outstanding shares of QUAKER's Common Stock.

(2) Any person, firm, or corporation (including a shareholder of QUAKER) makes a tender offer or exchange offer for, or a request or invitation for tenders or exchanges of, shares of QUAKER's Common Stock.

(ii) If a "Second Event" shall occur and thereafter (but within three (3) years after date of the occurrence of the First Event) VIRDONE's employment with QUAKER shall terminate for a reason other than (1) VIRDONE's death, (2) VIRDONE's normal retirement for age, (3) VIRDONE's physical or mental disability in accordance with prevailing QUAKER policy, (4) by QUAKER as a Termination for Cause, or (5) by VIRDONE other than as a Termination for Good Reason, VIRDONE may demand that the Bank pay VIRDONE the Termination Pay (the "Demand").

A "Second Event" for the purposes of this Agreement shall mean any of the following events occurring after a First Event:

(1) A new Director of QUAKER is elected in an election in which the acquirer of the shares or the offeror or the requester voted, in person or by proxy, and such new Director was not nominated as a candidate in a proxy statement forwarded to shareholders by QUAKER's management prior to the occurrence of the First Event.

(2) More than 20% of the issued and outstanding shares of QUAKER's Common Stock are owned by one person (as used in Sections 13 and 14 of the Act) other than a person who is a present Officer or Director of QUAKER.

(3) During any period of two (2) consecutive calendar years, individuals who at the beginning of such period constitute QUAKER's Board of Directors cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by QUAKER's shareholders of each new Director was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who were Directors at the beginning of the two (2) year period.

(iii) After the receipt of the Demand, the Bank will pay VIRDONE the Termination Pay in eighteen (18) equal consecutive monthly installments, the first such installment to be paid within thirty (30) days from the date of the demand. VIRDONE shall not be required to diminish the amount of any payment to which he is entitled under this subparagraph (c) by seeking other employment or otherwise, nor shall the amount of any payment provided for in this subparagraph (c) be reduced by any compensation earned by VIRDONE as the result of employment by another employer after the date of termination.

(iv) QUAKER may withdraw the deposited Termination Pay if three (3) years elapse from the date of deposit thereof and if no demand has been made. If, prior to the expiration of said three (3) year period, there shall occur another First Event, QUAKER will not be required to make an additional deposit of Termination Pay, but the three (3) year period described herein shall be deemed to commence on the date of the occurrence of the last such First Event.

(v) QUAKER shall pay the usual and customary charges of the Bank for acting as escrow agent. QUAKER will be entitled to the payment of any and all interest and other income earned by the Bank through the investment of the deposited Termination Pay. Said interest shall be paid to QUAKER as earned. The escrow arrangement may be subject to the Bank's usual rules and procedures, and QUAKER will indemnify the Bank against any loss or liability for any action taken by it in good faith as escrow agent.

10. In the event that QUAKER, in its sole discretion and at any time terminates this Agreement with VIRDONE (other than for Termination for Cause), QUAKER agrees to provide VIRDONE with reasonable out-placement assistance and a severance payment (contingent upon VIRDONE executing a form of release satisfactory to Quaker) in an amount equal to three (3) months' salary calculated at VIRDONE'S then current rate plus an additional one (1) month for each additional year of employment up to a maximum of twelve (12) months' compensation

11. Termination. This Employment Agreement also can be terminated at any time by "Termination for Cause" or "Termination for Good Reason" as defined in Paragraph 9.

12. VIRDONE represents and warrants to QUAKER that:

(a) there are no restrictions, agreements, or understandings whatsoever to which VIRDONE is a party which would prevent or make unlawful his execution of this Employment Agreement or his employment hereunder; and

(b) his execution of this Employment Agreement and his employment hereunder shall not constitute a breach of any contract, agreement, or understanding, oral or written, to which he is a party or by which he is bound.

13. This Employment Agreement contains all the agreements and understandings between the parties hereto with respect to VIRDONE's employment by QUAKER and supersedes all prior or contemporaneous agreements with respect thereto and shall be binding upon and for the benefit of the parties hereto and their respective personal representatives, successors, and assigns. This Employment Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to any conflict of laws.

IN WITNESS WHEREOF, QUAKER has caused this Employment Agreement to be signed by its President, thereunto duly authorized, and its corporate seal to be hereunto affixed and attested by its Corporate Secretary, and VIRDONE has hereunto set his hand and seal all as of the day and year first above written.

ATTEST:	QUAKER CHEMICAL CORPORATION [SEAL]
By:______________________________	______________________________
Karl H. Spaeth Corporate Secretary	Ronald J. Naples President and Chief Executive Officer
WITNESS:	
______________________________	______________________________ Joseph F. Virdone

EMPLOYMENT AGREEMENT

EXHIBIT A

Effective: July 17, 1996

Name of Employee:	Joseph F. Virdone
Address:	654 Creighton Road Villanova, Pennsylvania 19085
Title:	Vice President, U.S. Commercial Operations
Term of Employment:	To December 31, 1996 and continuing thereafter until either party gives ninety (90) days' written notice of termination
Annual Rate of Salary at Starting Date:	$140,000

Participation in Quaker Incentive Programs for 1996 Only:

Incentive Bonus Plan

Bonus will be based on the newly-adopted Incentive Bonus Plan
Business Unit - Corporation -- 41% of mid-point
Discretionary - 9% of mid-point
Incentive Award Amount - 50% of mid-point - $136,980

Long-Term Performance Incentive Plan 1995-1998

Type of stock options offered - Qualified and Non-Qualified Stock Options
Number of shares subject to option - 5,000
Performance Units - 7,000
Option price per share - Closing price on July 17, 1996
Participation under and subject to the terms of a Stock Option Agreement

5
1,000
9-MOS
DEC-31-1997
SEP-30-1997
9,854
0
48,665
1,512
21,039
89,998
96,349
55,405
164,196
62,350
5,000
9,664
0
0
65,738
164,196
177,542
177,542
99,519
164,427
0
0
1,168
16,182
6,342
10,543
0
0
0
10,543
1.22
1.22