

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

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

May 10, 2006
Date of Report (Date of earliest event reported)

QUAKER CHEMICAL CORPORATION

(Exact name of Registrant as specified in its charter)

Commission File Number 001-12019

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

No. 23-0993790
(I.R.S. Employer
Identification No.)

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

At the Quaker Chemical Corporation Annual Meeting of Shareholders held on May 10, 2006, the Company's shareholders, upon the recommendation of the Board of Directors, approved the adoption of the following: (i) the amended and restated 2001 Global Annual Incentive Plan (the "Incentive Plan") to allow bonus awards under the Incentive Plan to qualify as performance-based compensation not subject to a limit on deductibility under Section 162(m) of the Internal Revenue Code; and (ii) the 2006 Long-Term Performance Incentive Plan (the "2006 LTIP").

The Incentive Plan

The Incentive Plan is intended to provide employees of Quaker or a subsidiary of Quaker with an opportunity to receive incentive bonuses based on the achievement of objective, pre-established criteria and performance targets. For the 2006 calendar year performance period, awards will be made to approximately 325 employees. At the beginning of each performance period, the Compensation/Management Development Committee (the "Committee") will determine the employees who are eligible to participate and each participant's maximum award, which typically is a specified percentage of his or her base salary. The Committee will also establish a schedule or matrix of one or more performance criteria and performance targets for each participant (or group of participants) which will show the percentage of the target and maximum award payable under various levels of achieved performance. The criteria may be applied to the individual, a division, a regional business unit, Quaker or a subsidiary of Quaker. At the end of the performance period, the Committee will determine the extent of achievement of the pre-established performance targets for each criterion. The level of achievement attained will be applied to the schedule or matrix to determine the percentage (if any) of the participant's target award earned for the performance period. The maximum cash bonus that may be paid to any individual with respect to performance periods ending in any year is \$3,000,000. The maximum stock bonus that may be paid to any individual with respect to performance periods ending in any year is 100,000 shares of common stock. A total of 357,500 shares are available for future bonuses. The stock limits under the Incentive Plan are subject to adjustment to reflect certain changes in Quaker's capitalization, such as stock splits and stock dividends.

The 2006 LTIP

There are six types of awards that may be granted under the 2006 LTIP:

- options to purchase common stock;
- stock appreciation rights which give the participant the right to appreciation in the value of common stock between the date of grant and the date of exercise;
- restricted stock which is common stock that vests on achievement of performance goals (referred to as performance stock) or other conditions such as continued employment for a stated period;

- restricted stock units which represent the rights to receive common stock (or cash) on achievement of performance goals (referred to as performance stock units) or other conditions such as continued employment for a stated period;
- stock grants that are fully vested; and
- performance incentive units which represent the right to receive cash on achievement of performance goals.

Quaker has reserved 1,000,000 shares of common stock for issuance under the 2006 LTIP. During any calendar year, no employee may be granted:

- options covering more than 500,000 shares of common stock;
- stock appreciation rights representing appreciation on more than 500,000 shares of common stock;
- performance stock for more than 500,000 shares of common stock; or
- performance stock units representing more than 500,000 shares of common stock.

In addition, there are limits on the total number of shares of common stock available for certain types of awards over the life of the 2006 LTIP: restricted stock (500,000 shares); restricted stock units (500,000 shares); and stock grants (250,000 shares). Each of the above limits is subject to adjustment for certain changes in Quaker's capitalization such as stock dividends, stock splits, combinations or similar events. If an award expires, terminates, is forfeited or is settled in cash rather than common stock, the common stock not issued under that award will again become available for grant under the 2006 LTIP. If common stock is surrendered to Quaker or withheld to pay any exercise price or tax withholding requirements, only the shares issued net of the shares withheld or surrendered will be counted against the number of shares of common stock available under the 2006 LTIP. The Committee has the authority to administer the 2006 LTIP. Employees of Quaker and its subsidiaries and non-employee directors and consultants of Quaker are eligible to receive awards under the 2006 LTIP. Non-employee directors and consultants are not eligible to receive incentive stock options or performance incentive units. There are approximately 19 employees and 8 non-employee directors currently eligible to receive awards under the 2006 LTIP. There are no consultants currently eligible to receive awards under the 2006 LTIP. The maximum amount that may be paid to any individual with respect to performance incentive units in any year is five times the participant's base salary, or \$5,000,000, if less. The 2006 LTIP became effective on March 6, 2006, subject to shareholder approval, which was obtained on May 10, 2006.

The summaries of the Incentive Plan and the 2006 LTIP are qualified in their entirety by reference to the respective plans, copies of which are included as exhibits to this report.

On March 6, 2006, the Company's executive officers listed below were granted the following stock options with an exercise price of \$19.98:

<u>Officer</u>	<u>Options</u>
Ronald J. Naples	70,000
Neal E. Murphy	9,000
Michael F. Barry	9,000
Mark A. Harris	9,000
Wilbert Platzer	9,000
D. Jeffry Benoliel	5,200

The options were granted by the Committee, subject to approval of the 2006 LTIP by the shareholders of the Company at the shareholders' meeting held on May 10, 2006. The Company's shareholders approved the 2006 LTIP on May 10, 2006. The options will vest in approximately three equal consecutive annual installments.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Having reached the mandatory retirement age under the Company's retirement policy for Directors, Mr. Robert P. Hauptfuhrer, whose term as a Class II Director of Quaker Chemical Corporation expired on May 10, 2006, was not eligible for reelection this year at the Company's Annual Meeting of Shareholders held on May 10, 2006.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Quaker Chemical Corporation 2001 Global Annual Incentive Plan, as amended and restated (incorporated by reference to Appendix D to the Corporation's definitive proxy statement filed on March 31, 2006).
10.2	Quaker Chemical Corporation 2006 Long-Term Performance Incentive Plan (incorporated by reference to Appendix E to the Corporation's definitive proxy statement filed on March 31, 2006).
10.3	Form of Stock Option Agreement provided to associates with respect to stock option grants made under the Quaker Chemical Corporation 2006 Long-Term Performance Incentive Plan.

SIGNATURE

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 hereunto duly authorized.

QUAKER CHEMICAL CORPORATION

Date: May 12, 2006

By: /s/ D. JEFFRY BENOLIEL

D. Jeffry Benoliel

Vice President, Secretary and General Counsel

STOCK OPTION AGREEMENT

1. A Stock Option (the "Option") for a total of _____ shares of \$1.00 par value per share Common Stock (the "Stock") of Quaker Chemical Corporation, a Pennsylvania corporation (the "Company"), is hereby granted to _____ (the "Optionee"), subject to the terms and provisions of the Quaker Chemical Corporation 2006 Long-Term Performance Incentive Plan (the "Plan") insofar as the same are applicable to Stock Options granted thereunder.
2. The Option Price as determined by the Compensation/Management Development Committee (the "Committee") which has the authority for administering the Plan for the Company is \$_____ per share, having been determined pursuant to Section 3.2 of the Plan, which is equal to 100% of the Fair Market Value (as defined in the Plan) of the Stock on the date of the grant of the Option.
3. Subject to the provisions of Paragraphs 4 and 5 hereof, the Option may be exercised in whole at any time or in part from time to time on or after the date the Option, or any portion thereof, first becomes exercisable. The Option terminates on the earlier of the date when fully exercised under the provisions of the Plan, the date fixed pursuant to Section 3.7(a), 3.7(b), or 3.7(c) of the Plan, or _____.
4. The Option may not be exercised if the issuance of the Stock upon such exercise would constitute a violation of any applicable Federal or state securities or other law or valid regulation. Further, exercise of an Option granted pursuant to this Agreement shall be under and subject to Paragraph 3.4 of the Plan.
5. This Option consists of Incentive Stock Options as to _____ shares and Non-Qualified Stock Options as to _____ shares and shall be exercisable in accordance with the following Schedule:

Incentive Stock Options	Exercisable on or After
Non-Qualified Stock Options	Exercisable on or After

Notwithstanding any provision to the contrary, following termination of Optionee's employment by the Company or a Subsidiary of the Company for any reason not specified in Sections 3.7(a) or (b) of the Plan, the Option shall not be or become exercisable as to any shares other than those shares as to which the Option shall have been exercisable in accordance with the preceding Schedule on the date of such termination.

6. The Option may not be transferred in any manner other than by will or the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by him/her. The terms of the Option shall be binding upon the executors, administrators, heirs, successors, and assigns of the Optionee.

7. The Option may be exercised only upon payment of the appropriate amount and delivery of the completed "Notice of Exercise," attached hereto, to the Secretary of the Company. Any attempted exercise of the Option without such delivery of the "Notice of Exercise" may be disregarded by the Company. Payment and delivery for the purposes hereof may also be accomplished by making payment and delivery to an agent duly appointed by the Company for the purposes of accepting payment and notice of exercise. Where any such appointment is made, the Company shall so advise Optionee, and Optionee may rely upon such notice until such notice is revoked or amended.
8. Optionee shall have none of the rights of a shareholder with respect to any shares of Stock subject to the Option, except as to the shares with respect to which Optionee has validly exercised the Option granted herein and tendered to the Company the full price therefor.
9. All notices required to be given hereunder shall be mailed by registered or certified mail to the Company to the attention of its Secretary, at One Quaker Park, 901, Hector Street, Conshohocken, Pennsylvania 19428, and to Optionee at Optionee's address as it appears on the Company's books and records unless either of said parties has duly notified the other in writing of a change in address.

QUAKER CHEMICAL CORPORATION

By: _____

Date of Grant: _____

Optionee acknowledges receipt of a copy of the Plan, and represents that he/she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to the terms and provisions of the Plan insofar as they relate to Stock Options granted thereunder. Optionee agrees hereby to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions arising under the Plan or the Option. Optionee authorizes the Company to withhold in accordance with applicable law from any compensation payable to him/her any taxes required to be withheld by Federal, state, or local law as a result of the exercise of the Option.

OPTIONEE REPRESENTS THAT, AT THE TIME THE OPTION IS GRANTED, HE/SHE DOES NOT OWN DIRECTLY OR INDIRECTLY (AS DETERMINED UNDER SECTION 424(d) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED), STOCK POSSESSING MORE THAN 10% OF THE TOTAL COMBINED VOTING POWER OF ALL CLASSES OF STOCK OF QUAKER CHEMICAL CORPORATION OR ANY OF ITS SUBSIDIARIES.

By: _____