

DELIVERING RESULTS IN AN UNCERTAIN WORLD.

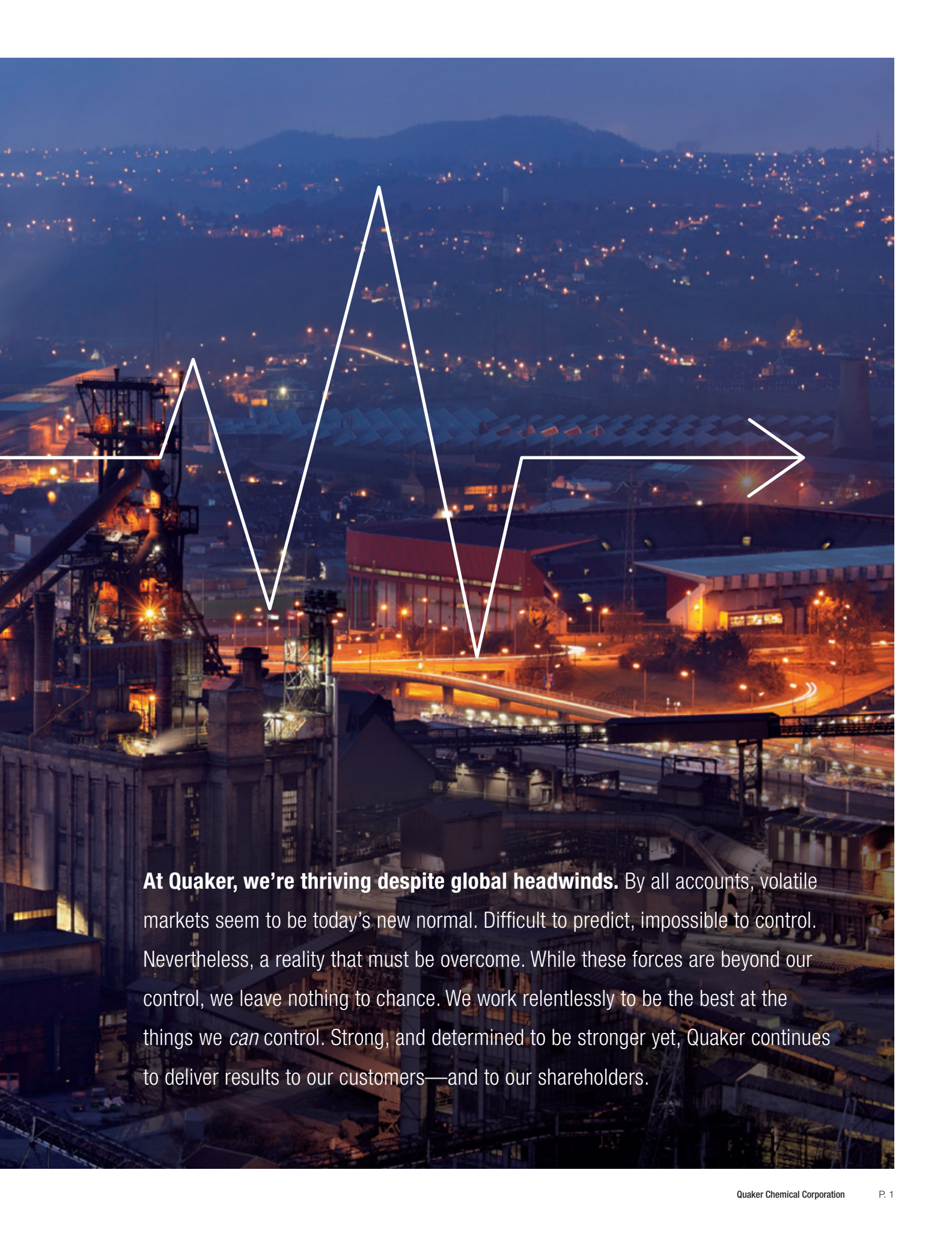
Quaker Chemical Corporation | 2016 Annual Report



DELIVERING RESULTS IN AN UNCERTAIN WORLD.

WE DON'T LET VOLATILE MARKETS DEFINE US.

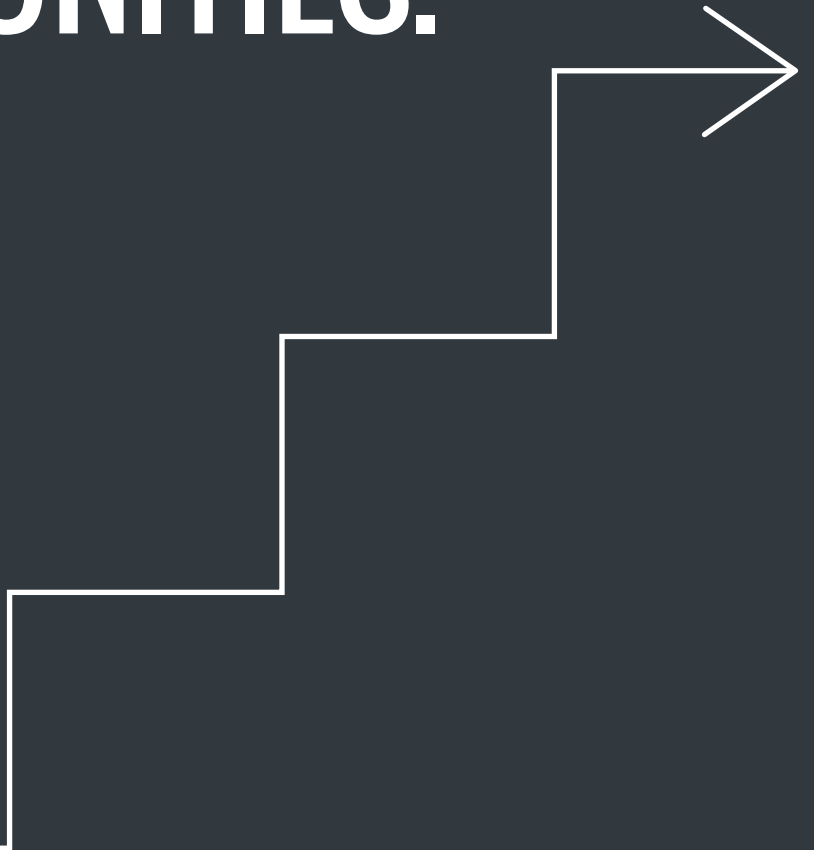




At Quaker, we're thriving despite global headwinds. By all accounts, volatile markets seem to be today's new normal. Difficult to predict, impossible to control. Nevertheless, a reality that must be overcome. While these forces are beyond our control, we leave nothing to chance. We work relentlessly to be the best at the things we *can* control. Strong, and determined to be stronger yet, Quaker continues to deliver results to our customers—and to our shareholders.

DELIVERING RESULTS IN AN UNCERTAIN WORLD.

WE CREATE OUR OWN OPPORTUNITIES.



Quaker's roadmap for growth. We aren't satisfied to simply grow with markets. Using our multi-pronged approach, we create our own opportunities. Our growth-extending strategy allows us to expand into new markets, gain market share and grow share within our traditional markets. Even in volatile times, this approach has opened opportunities for us. In 2016, we not only saw growth in our product volumes, we increased share in our key markets.

Our four-part strategy to achieve beyond market growth.

Organic Growth:

WE GROW IN OUR BASE MARKETS



We target resources to geographies and industry segments that are growing and trending upward—retaining customers for the long haul and growing along with them.

Organic Growth:

WE GAIN MARKET SHARE



We've been steadily increasing our share of markets. Both customers and prospective customers are responding to our service model that helps them lower their costs and improve their productivity.

Organic Growth:

WE LEVERAGE ACQUIRED TECHNOLOGIES



Recent acquisitions are adding to both our top and bottom lines—using our global infrastructure, brand reputation and relationships to market newly acquired technologies around the world.

Acquisitions:

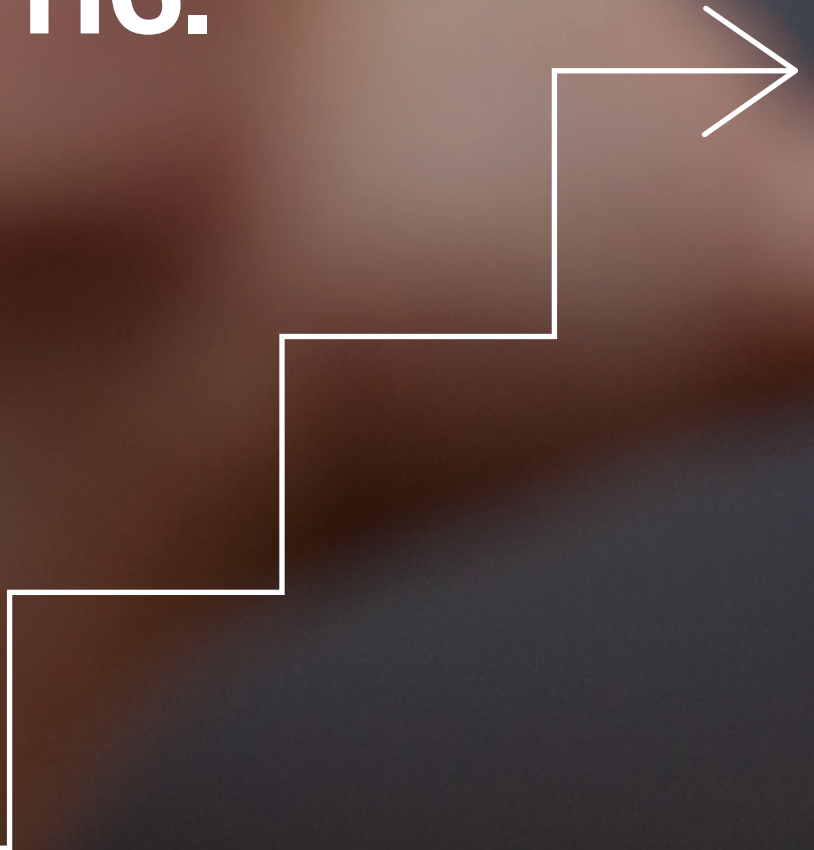
WE MAKE STRATEGIC ACQUISITIONS



We've made 12 strategic acquisitions since 2010—adding strength to Quaker through new technologies, geographies and customer relationships. And we are on the lookout for what's next.

DELIVERING RESULTS IN AN UNCERTAIN WORLD.

WE BUILD ON OUR STRENGTHS.



Setting ourselves apart. Our success as a company stems from striving to know precisely how “value” is defined by each and every one of our customers. And then delivering that value effectively and proactively—better than anyone else. This value-delivery model is so critical to our success we’ve aligned our entire organization around it. It has permeated our thinking, shaped our behavior. And fortified our strengths in a way that sets us apart, even in volatile markets.



UNDERSTANDING CUSTOMERS

DELIVERING VALUE

SHARING KNOWLEDGE

EXECUTING STRATEGY



STRENGTH IN UNDERSTANDING CUSTOMERS:

INSIGHTS THAT DRIVE GROWTH.

To support our ambitious plans for growth, we regularly monitor industry trends, check progress against our strategic goals and identify emerging opportunities, including those for potential acquisitions. In doing so, we gain important insights into our company and its place in the world. But nothing drives our growth like understanding our customers *and their world*. That's why we strive to develop truly collaborative, long-term relationships. It's only through these relationships that we can fully understand a customer's decision-making process or discover avenues to win new business with superior technology or service. Insights like these are a key part of reliable growth for Quaker. That's why we pursue them every day.

BEING STRATEGIC ABOUT ACCOUNT MANAGEMENT IS WIN/WIN. There's no doubt that strong and thoughtful account management produces measurable benefits for our customers. The better we know our customers, the better we can help them; and the more we grow our business. This becomes a virtuous circle—what's good for our customers is good for Quaker, too.

Case in point: We were working with a bearing manufacturer at several sites. By making a concerted effort to build stronger ties and deepen our understanding of their business, we helped them improve operations and created a path to growth for Quaker. As a result, Quaker became a global supplier for coolants, honing oils and cleaners, won the company's business in China and Brazil and expanded business in EMEA. Again and again, we have used this getting-close-to-customer

approach to drive growth. For example, we leveraged our successful work with a global automaker in France to gain long-sought-after business with a Japanese automaker. And our work in die casting with Japanese components manufacturers has positioned us well for growth in the Asian automotive market.

BEING CLOSE GIVES US STAYING POWER. It's a part of Quaker's business model to get as close as possible to, if not embedded in, our customers' production teams. Not only is this the best way to add value to customers' manufacturing processes, it gives us valuable insight into their challenges. What we learn gives us long-term staying power and plenty of opportunities for growth.

Today, almost every global manufacturer has its own company-specific, world-class production program. At Quaker, we've built a strong capability to work successfully within these platforms. And this has become a competitive advantage for us. When a global automaker trained its people on their production program, Quaker's team trained alongside them. Now years into the relationship, we are conducting the training for the customer's new team members and presenting audit results. And when the largest manufacturer of minivans in China (a US/China partnership) wanted to introduce a US-based platform there, Quaker was able to help by sending in people from the United States to transfer the knowledge. Because of our commitment, both these customers now see Quaker as a true partner in their growing businesses.



STRENGTH IN DELIVERING VALUE:

VALUE THAT'S INDISPUTABLE.

Along the path of our 98-year history, we made a choice: To differentiate ourselves in the marketplace by selling on *value*, not on price. This simple decision has given us greater resilience to price pressures and more control over our future. Because when our efforts to improve customers' operations bring value that reduces our customers' costs, that's all that matters. This value-delivery approach has opened new opportunities for us and for our customers.

VALUE CREATION IN ACTION. For tin plate manufacturers, the tin itself is their largest expense. Typically, for every pound of tin used to coat steel, 15% is lost in the plating process. Quaker has reduced that loss by as much as 10 times—to 1.5%, a savings of \$3 to \$10 per ton. Multiply that by millions of tons and you have significant savings. So although Quaker's fluid is higher priced than the traditional product, in the end, our approach is a clear financial win for customers.

We are so confident in our ability to deliver value, we stick to this strategy even if it means saying "goodbye" to a customer. In Brazil, where the economy is still in crisis, one customer switched to a lower-priced competitor. Less than a year later, unhappy with the results, the customer returned to Quaker. Although Quaker's price was higher, they realized the value they would receive would offset the additional expense. We believe that holding firm to our principles, even in weak economies such as Brazil, is the right strategic choice for Quaker. Instead of pulling back in Brazil, we committed to investing in good people and

building close customer relationships and gaining market share. As the market rebounds, we will be well positioned for growth in better times.

OUR NEVER-STOP-IMPROVING MINDSET. We are relentless about finding new ways to improve our customers' operations. In one case: We proposed to a long-time steel customer that if we changed their grease to a different technology, we could reduce their grease consumption without driving up the rate of bearing failures. Even though the new grease technology was more expensive, the benefits were significant and more than outweighed the cost. Today, the customer is using 75% less grease. The time between lubrication is longer and their workplace is safer. And an added benefit: Instead of experiencing five to six bearing failures per year, in 2016, there were no bearing failures at all.

A VALUE-SEEKING APPROACH CUSTOMERS CAN COUNT ON. A solution that creates a small savings at the process or plant level can have a huge impact on a customer's bottom line when it is applied globally. Many large, global customers count on Quaker to help. At a steel account, we've agreed to an upfront savings target versus the prior year's sales. In one project alone, we saved the customer more than \$250,000 a year by designing and implementing process controls that included the capture and reuse of the fluids—and ultimately reduced their overall consumption.



STRENGTH IN SHARING KNOWLEDGE:

COLLABORATION THAT RUNS DEEP.

To stay competitive, manufacturers continually seek higher outputs, tighter tolerances and faster machine speeds. They need to adapt to new materials and technologies, and at the same time, pursue ways to run leaner operations. That's a lot of complexity, and to get the job done, it's imperative that they collaborate with the right partners.

KNOWLEDGE TRANSFER EQUALS GROWTH. It's not enough for us to be just another knowledgeable supplier. We have to be a partner that can collaborate seamlessly with our customers across the globe. As an example, when we developed a next-generation, proprietary coating for a manufacturer of gas and oil pipes, they wanted to implement it globally. The coating was a critical part of the company's market positioning—to be known as a premium pipe manufacturer. And it was essential that every facility worldwide could manufacture to the same exact specifications. In other words, pipes shipped from Houston had to be identical in quality to those shipped from Qingdao, São Paulo, or any other location. With a goal to roll out the new coating to three continents—North and South America, and Europe—nearly simultaneously, they needed our help. Quaker quickly assembled a global team to work closely with the customer's team. And our application engineer, who had been responsible for the start-up in Europe, worked in North America for several weeks to ensure the technology transfer went smoothly.

In another example, Quaker had rolling oil business with an aluminum manufacturer in the United States. However, the customer's South America business seemed out of reach to us. A firmly entrenched competitor had handled their business for 20 years. Nevertheless, we remained in touch and continued to discuss our approach. In 2015, convinced that we would bring them innovative ideas, help them tap global best practices and reduce their overall costs, the aluminum manufacturer chose Quaker for a section of their mill in South America. By collaborating closely with the customer's team, we reduced their costs by more than 20%. This success led to trials for Quaker in Switzerland and Korea and has opened discussions for other regions as well. Repeatedly, we find our strength in collaborating with customers helps us grow and thrive.

KNOW-HOW, WHEN AND WHERE YOU NEED IT. As a relatively small company that works with large global entities on complex and asset-specific problems, we've learned that our success relies on collaborating effectively among ourselves, 24/7. This is especially important in our business where there is great value in having firsthand, hands-on experience to make informed, accurate decisions. But we can't *all know everything*. So, when a customer is faced with a problem, we tap our global team—some of the best chemists, process engineers and product managers in the industry.



STRENGTH IN EXECUTING STRATEGY:

QUAKER: GROWING EVER STRONGER.

Our business strategy is clearly working. We are successfully growing in our base markets, gaining market share and extending into new markets. However, it's critical that we grow stronger still. We must execute our strategy tomorrow better than we did today. Because market forces are growing more complex and competitive every day. Customers are consolidating, merging and moving to new regions. New demands, and the technologies to meet them, are multiplying. Quite simply, the pace of business is faster than ever before. That's why in 2016, we launched *OneQuaker*, an account management process and customized customer relationship management (CRM) platform. It will increase our ability to deliver results in challenging global markets and to execute our strategy more fully and consistently worldwide.

A ROBUST, GLOBALLY UNIFORM PLATFORM.

OneQuaker is a synthesis of the best practices, principles and thinking that have worked so well for us. With *OneQuaker*, our associates can more easily share and leverage information—customer contacts by role and relationship, decision trees by account region and product line, sales pipelines, trial information, white space analysis and more. It's vital information for sales and management—all uniformly organized, easily accessible any time of day, anywhere in the world.

HELPING US WIN BUSINESS AND ACCELERATE GROWTH.

At Quaker, we have a simple formula for driving growth that has two inseparable parts. We strive to consistently deliver valuable results, then clearly communicate the

value we delivered. Being able to repeat these steps is essential to keeping, winning and growing customer accounts. With *OneQuaker*, we can execute this formula better than ever. Here's how: Collaboration across the organization, already a strength for Quaker, is easier and more effective. The stream of knowledge that's shared on *OneQuaker* helps associates create solutions that deliver the best value to our customers—and do it more proactively. And it also helps them capture, then communicate our value—more consistently.

GETTING ONEQUAKER RIGHT. To ensure its success, we designed and developed *OneQuaker* using a highly collaborative process. From the start, the team—company leaders representing every geography, role and business line—reviewed feedback and ideas from a wide range of employees. In total, 15% of all the people who would be using *OneQuaker* were interviewed to capture input for its development. After a good response to the initial pilot, each of the several rounds of refinements made the final product better and easier to use. In June 2016, *OneQuaker* was rolled out in China. And by October, it had been implemented in every region—with more than 400 people trained in seven languages.

A LOOK TO THE FUTURE. *OneQuaker* is a critical step to ensuring we have what it takes to thrive. While it's in its early stages, it is already helping us serve our customers better, collaborate more efficiently and make better decisions. And, in the next few years, it will help make the Quaker brand even stronger than it is today.

A MESSAGE FROM MICHAEL F. BARRY,
CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

DEAR SHAREHOLDERS, CUSTOMERS AND ASSOCIATES:

In 2016, we returned solid results despite facing many challenges in the global marketplace. Our business model, based on customer intimacy and a balanced approach to growth, continues to work well for Quaker.

One measure of our success is that we continue to gain market share. In 2016, we increased share in our key markets. Throughout the year, we generated strong cash flow and our balance sheet had a net cash position at the end of the year, despite making 12 acquisitions since 2010.

2016 marked Quaker's seventh consecutive year of achieving record results for non-GAAP earnings and adjusted EBITDA. Non-GAAP earnings per diluted share increased 4% to \$4.60 compared to \$4.43 in 2015 and adjusted EBITDA increased 5% to \$106.6 million compared to \$101.6 million in 2015, despite earnings being negatively impacted 4% by foreign exchange. Sales of \$746.7 million, driven by strong product volume growth, were up slightly from the prior year, even as world currency translations negatively impacted the US dollar value. With net operating cash flow for the year of \$73.8 million, Quaker has more cash than debt and our balance sheet remains strong. This gives us the ability to support future growth initiatives, make acquisitions and return cash to our shareholders.

CREATING VALUE FOR SHAREHOLDERS. Our total shareholder return in 2016 was 68%. Our average 2016 share price rose to \$94.7, another historic high for Quaker, representing a 14% increase over \$83.3 in 2015. We also increased our dividend in July, making this the 45th consecutive year Quaker has maintained or increased the dividend paid to our shareholders. We take a balanced approach to cash allocation by evaluating acquisitions, dividends and stock repurchases. Our top priority is to make acquisitions that grow and strengthen our business because we believe this is the best source of value creation. However, if the right acquisition opportunities do not arise, dividends and Quaker's stock repurchase program are our next best choices for using available cash to return value to shareholders. In 2016, we purchased nearly \$6 million of shares at an average price of roughly \$70 per share.

In 2016, Quaker continued to benefit from the 2015 restructuring program and other cost streamlining initiatives that decreased our selling, general and administrative expenses (SG&A). We remain committed to being disciplined in managing our costs.

TAKING A BALANCED APPROACH TO GROWTH. In 2016, Quaker faced ongoing uncertainties in global markets, including slower growth in China and a weak economy in Brazil. In addition, global growth in steel production, our largest market, was relatively flat in 2016. To offset these negative forces, we utilized our balanced, multi-pronged approach to growth, which draws upon a variety of strategically developed sources that allow us to surpass typical market growth rates. Our strategy includes being well-positioned in



growing markets, increasing share in our markets, and making new acquisitions, while at the same time leveraging the acquisitions we have already made. All of this together helps us make gains even while an industry, region or customer group is experiencing a slowdown. This approach served us well in 2016.

Late last year, Quaker acquired Lubricor Inc., a Canadian metalworking company. Lubricor's customer base will help strengthen our position with key automotive component suppliers. At the same time, the acquisition gives Quaker access to new technologies we can leverage elsewhere. In addition, in 2016, we continued to make progress rolling out the new technologies we gained from our acquisitions in specialty grease, aluminum hot rolling, die casting, passivation and tin plating. Although

these rollouts take time and are still in the early stages, we are beginning to realize the benefits of using our existing customer base and global footprint in growing these businesses.

Four years ago, for example, Quaker acquired a small, relatively young business with tin plating technologies and application expertise. At the time of the acquisition, this business had won contracts for four tin plating production lines and had proven they could deliver greater value to manufacturers than their competitors. As part of Quaker, team members found the power of our brand recognition and business model strengthened their competitive advantage and made it easier for them to win business. Now that this acquisition is fully integrated into Quaker, we are taking market share in tin plating. As of 2016, Quaker has converted 16 tin plating lines and has five more scheduled for 2017—for a total of 21. We believe that we can keep growing this market globally.

With our acquisition of a specialty grease manufacturer in 2015, we opened new opportunities for Quaker in a market estimated at more than \$1 billion. In 2016, we had some notable successes. We won a large steel customer's grease bid in North America, replacing another key supplier, and entered the aluminum hot rolling segment in China by winning business at four mills. We are continuing to win critical pieces of business around the globe that allow us to showcase our capabilities in grease. Leveraging this and other newly acquired technologies is a key component to our overall growth and a driver of our financial success.

A MESSAGE FROM MICHAEL F. BARRY,
CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

PARTNERING WITH CUSTOMERS EVERY STEP OF THE WAY.

Quaker's customer intimacy model remains a key factor in our ability to outperform the competition and grow market share. We believe in partnering with our customers, establishing solid relationships at all levels and providing exceptional products and service. Doing this helps differentiate us strongly from our competitors, as some have cut back their service levels in response to market downturns.

In 2016, we took our commitment to our customer intimacy model to a new level by making an investment to develop better processes and tools for all customer-facing associates. We call this *OneQuaker*. Through this effort, we have synthesized all the best practices, principles and thinking that have worked so well for us into a single account management approach. By October 2016, *OneQuaker* had been implemented in every region, with a total of more than 400 associates trained in seven languages. *OneQuaker* improves our ability to win and accelerate growth by making collaboration, already a Quaker strength, easier and more effective. Improved collaboration puts our associates in a better position than ever as they proactively strive to deliver the most valuable solutions to our customers. We will begin to see the results of this investment in 2017 and beyond.

RECOGNIZING THE VALUE OF OUR PEOPLE. Quaker's success in 2016 was also a direct result of the quality and commitment of our people. We've been fortunate to attract people from different organizations who bring with them different ways of thinking and approaches to new challenges. At the same time, Quaker benefits from a low turnover rate, which is critical to the long-term relationships we aim to build with customers. Once again, it's a balanced approach that works for us. Now that all associates who work with customers have been trained in *OneQuaker*, we are confident they will be able to do even more to strengthen those relationships.

LOOKING AHEAD. As Quaker enters 2017, we look forward to a bright future. We expect to achieve growth despite ongoing challenges in global markets. We have so much going for us: a strong balance sheet, a proven business model, a balanced approach to growth that combines diverse strategies, and a workforce that is better equipped than ever to initiate and build solid relationships with customers. I am confident in Quaker's ability to sustain our track record of growth in the coming years.

Best regards,



Michael F. Barry

Chairman of the Board, Chief Executive Officer and President

In 2016, we returned solid results despite facing many challenges in the global marketplace. Our business model, based on customer intimacy and a balanced approach to growth, continues to work well for Quaker.

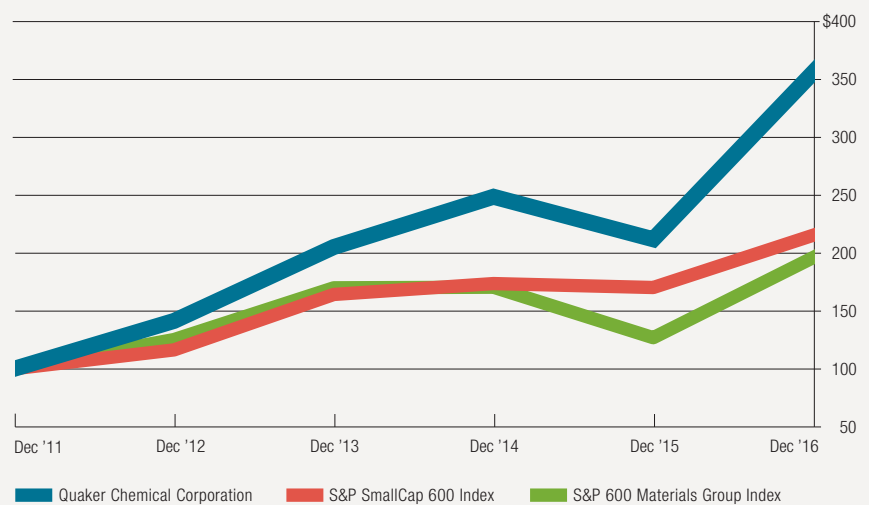
Our cash at year end was \$88.8 million— it exceeded our debt of \$66.5 million by \$22.3 million.



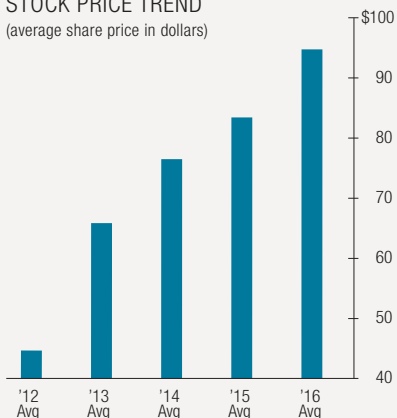
45 years Quaker has increased or maintained its dividend every year since the company went public in 1972.

We've outpaced the major stock indices over the last five years. Quaker's total shareholder return has continued to significantly outperform—yielding a 243% return to our shareholders since 2011.

COMPARISON OF CUMULATIVE FIVE-YEAR TOTAL RETURN (assumes an investment of \$100 on December 31, 2011)

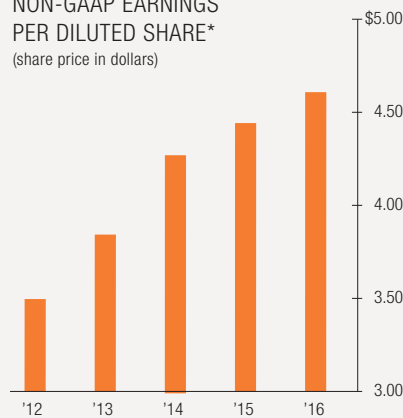


STOCK PRICE TREND (average share price in dollars)



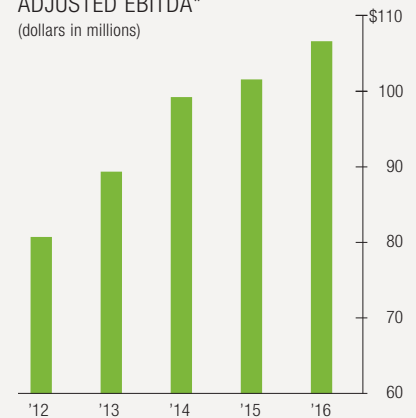
Our stock attained the highest average price...ever. In 2016, our average stock price was \$94.74 per share—up 14% compared to \$83.29 per share in 2015.

NON-GAAP EARNINGS PER DILUTED SHARE* (share price in dollars)



Non-GAAP earnings per diluted share were strong—\$4.60 in 2016 compared to \$4.43 in 2015.

ADJUSTED EBITDA* (dollars in millions)



Our adjusted EBITDA grew to a record level—\$106.6 million compared to \$101.6 million in 2015.

*For reconciliation of non-GAAP items, see the *Non-GAAP Measures* section of Item 7 in Form 10-K for the years ended December 31, 2016, 2015 and 2014.

Quaker Leadership



Michael F. Barry

Chairman of the Board,
Chief Executive Officer
and President

D. Jeffry Benoiel

Vice President and Global
Leader—Metalworking,
Can and Mining

Joseph A. Berquist

Vice President and
Managing Director—
North America

Ronald S. Ettinger

Vice President—
Human Resources

Mary Dean Hall

Vice President, Chief
Financial Officer and
Treasurer

DIRECTORS

Michael F. Barry⁽¹⁾

Chairman of the Board,
Chief Executive Officer
and President

Donald R. Caldwell^(1,2,3)

Chairman and Chief Executive Officer,
Cross Atlantic Capital Partners, Inc.,
a venture capital management company;
Executive Committee Chairman

Robert E. Chappell^(1,4)

Former Chairman and Chief Executive Officer,
The Penn Mutual Life Insurance Company,
a mutual life insurance company;
Governance Committee Chairman

William R. Cook^(1,2,4)

Former President and Chief Executive Officer,
Severn Trent Services, Inc.,
a water purification products and
laboratory and operating services company;
Audit Committee Chairman

Mark A. Douglas^(2,4)

President, FMC Agricultural Solutions,
FMC Corporation, a diversified
chemical company

Jeffry D. Frisby^(2,3)

Former President and Chief Executive Officer,
Triumph Group, Inc., a company that,
through its subsidiaries, designs, engineers,
manufactures, repairs, overhauls and
distributes aircraft components

William H. Osborne^(3,4)

Senior Vice President, Global Manufacturing
and Quality, Navistar International Corporation,
a holding company whose subsidiaries and
affiliates produce International® brand
commercial and military trucks

Robert H. Rock^(1,3)

Chairman and Chief Executive Officer,
MLR Holdings, LLC, an investment company
operating in the publishing and information
industry; Compensation/Management
Development Committee Chairman

Fay West⁽²⁾

Senior Vice President and Chief Financial Officer,
SunCoke Energy, Inc., the largest independent
producer of coke in the Americas

Committees of the Board:

⁽¹⁾ Executive

⁽²⁾ Audit

⁽³⁾ Compensation/Management Development

⁽⁴⁾ Governance



Dieter Laininger

Vice President and Managing Director—South America and Global Leader—Primary Metals

Joseph F. Matrange

Vice President and Global Leader—Coatings

Jan F. Nieman

Vice President and Global Leader—Grease and Fluid Power, Global Strategy and Marketing

Wilbert Platzer

Vice President and Managing Director—EMEA

Adrian Steeples

Vice President and Managing Director—Asia/Pacific

CHAIRMEN EMERITI

Peter A. Benolie

Former Chairman of the Board and Chief Executive Officer of the Company

Ronald J. Naples

Former Chairman of the Board and Chief Executive Officer of the Company

Joseph A. Berquist

Vice President and Managing Director—North America

Ronald S. Ettinger

Vice President—Human Resources

Mary Dean Hall

Vice President, Chief Financial Officer and Treasurer

Dieter Laininger

Vice President and Managing Director—South America and Global Leader—Primary Metals

Joseph F. Matrange

Vice President and Global Leader—Coatings

Jan F. Nieman

Vice President and Global Leader—Grease and Fluid Power, Global Strategy and Marketing

Wilbert Platzer

Vice President and Managing Director—EMEA

Adrian Steeples

Vice President and Managing Director—Asia/Pacific

Robert T. Traub

Vice President, General Counsel and Corporate Secretary

Victoria K. Gehris

Assistant Corporate Secretary and Shareholder Administrator

John H. Yardley

Global Tax Director

OFFICERS

Michael F. Barry

Chairman of the Board, Chief Executive Officer and President

D. Jeffry Benolie

Vice President and Global Leader—Metalworking, Can and Mining

Growing Our Business and Expanding Our Reach

7 **NEW TECHNOLOGY PLATFORMS** added to our arsenal of solutions in the last seven years.



ALUMINUM HOT ROLLING
Aerospace, packaging, transportation, construction



SPECIALTY GREASES
Primary metals, automotive, aerospace/military



DIE CASTING
Metalworking, fluid power



SURFACE TREATMENT
Primary metals



TINPLATING
Primary metals, packaging



BIO-LUBRICANTS
Metalworking, forestry and construction equipment



CONTINUOUS CASTING
Primary metals

12 **STRATEGIC ACQUISITIONS** in the last seven years are opening new markets and attracting new customers.

NOV 2016 **METALWORKING FLUIDS**
Complementary technologies

JUL 2015 **SPECIALTY GREASES**
High-end grease business expansion

NOV 2014 **BIO-LUBRICANTS BUSINESS**
New, environmentally friendly technologies

AUG 2014 **SPECIALTY GREASES**
High-end grease business expansion

JUN 2014 **REMAINING INTEREST IN JOINT VENTURE**
Strengthens position in Australia

MAY 2013 **TINPLATING BUSINESS**
Complementary technologies

JAN 2013 **CHEMICAL MILLING MASKANTS DISTRIBUTION NETWORK**
Strengthens position in China

JUL 2012 **METAL SURFACE TREATMENT PRODUCTS**
Complementary technologies

OCT 2011 **DIE-CASTING LUBRICANTS**
Complementary product line

JUL 2011 **REMAINING INTEREST IN JOINT VENTURE**
Strengthens position in Mexico

DEC 2010 **SPECIALTY GREASES**
Complementary technologies

JUL 2010 **ALUMINUM HOT ROLLING OILS—U.S. BUSINESS**
Complementary product line

635 **TALENTED AND EXPERIENCED ASSOCIATES** added to our staff since 2010.

2016 2,020

2014 1,941

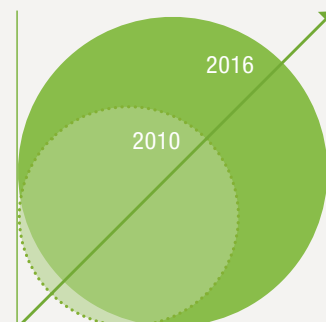
2012 1,711

2010 1,385

The average number of years of service for associates is approximately 10 years—an indicator that people really enjoy working at Quaker.

~2x

NEW MARKETS ACCESSIBLE TO QUAKER Our addressable market has approximately doubled since 2010 because of strategic acquisitions.



Global Operations

CORPORATE HEADQUARTERS

Quaker Chemical Corporation

One Quaker Park
901 E. Hector Street
Conshohocken, Pennsylvania 19428-2380
Phone: 610-832-4000
Fax: 610-832-8682
Website: www.quakerchem.com

Quaker Chemical Corporation

Wilmington, Delaware



NORTH AMERICA OPERATIONS

Quaker Chemical Corporation

- Downers Grove, Illinois
- Bingham Farms, Michigan
- Detroit, Michigan
- Dayton, Ohio
- Middletown, Ohio
- Conshohocken, Pennsylvania

AC Products, Inc.

Whittier, California

ECLI Products, LLC

Aurora, Illinois

Epmar Corporation

Santa Fe Springs, California

Lubricor Inc.

Waterloo, Ontario

Quaker Chemical Canada Limited

Toronto, Ontario

Summit Lubricants, Inc.

Batavia, New York

Tecniquimia Mexicana S.A. de C.V.

Monterrey, Mexico

H.L. Blachford, Ltd.

Mississauga, Ontario (Licensee)

EUROPE, MIDDLE EAST and SOUTH AFRICA (“EMEA”) OPERATIONS

Binol AB

Karlshamn, Sweden

Binol Biosafe Oy

Raisio, Finland

Engineered Custom Lubricants GmbH

Hamburg, Germany

Quaker Chemical B.V.

Ulithoorn, The Netherlands

Quaker Chemical Europe B.V.

Ulithoorn, The Netherlands

Quaker Chemical Limited

Stonehouse, England

Quaker Chemical MEA FZE

Dubai, United Arab Emirates

Quaker Chemical S.A.

Paris, France

Quaker Chemical, S.A.

Barcelona, Spain

Quaker Chemical S.r.l.

Gorgonzola, Italy

Quaker Chemical South Africa (Pty.) Ltd.

Wadeville, Republic of South Africa (51% owned)

Quaker Italia S.r.l.

Tradate, Italy

Quaker Chemical Russia B.V.

Moscow, Russia

Verkol S.A.U.

Navarra, Spain

ASIA/PACIFIC OPERATIONS

Nippon Quaker Chemical, Ltd.

Osaka, Japan (50% owned)

Quaker Chemical (Australasia) Pty. Limited

Sydney, New South Wales, Australia

Quaker Chemical (China) Co. Ltd.

Shanghai, China

Quaker Chemical India Private Limited

Kolkata, India (55% owned)

Quaker Chemical Investment Management (Shanghai) Co., Ltd.

Shanghai, China

Quaker Chemical Limited

Hong Kong, China

Quaker Shanghai Trading Co., Ltd.

Shanghai, China

Quaker (Thailand) Ltd.

Rayong, Thailand

Wuhan Quaker Technology Co., Ltd.

Wuhan, China (60% owned)

SOUTH AMERICA OPERATIONS

Quaker Chemical Indústria e Comércio Ltda.

Rio de Janeiro, Brazil

Quaker Chemical Operações Ltda.

Rio de Janeiro, Brazil

Quaker Chemical S.A.

Buenos Aires, Argentina

Kelko Quaker Chemical, S.A.

Caracas, Venezuela (50% owned)

Kelko Quaker Chemical, S.A.

Panama City, Panama (50% owned)

Corporate Information

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
Two Commerce Square, Suite 1800
2001 Market Street
Philadelphia, Pennsylvania 19103-7042

STOCK TRANSFER AGENT

For address changes, dividend checks, lost stock certificates, share ownership and other administrative services, contact: American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219. Phone: 1-800-937-5449; Website: www.amstock.com

INVESTOR RELATIONS

Security analysts, portfolio managers and representatives of financial institutions seeking information about the Company are invited to contact: Mary Dean Hall, Vice President, Chief Financial Officer and Treasurer, at 610-832-4160.

Copies of the Company's Annual Report on Form 10-K and other corporate filings will be provided without charge upon request by contacting: Victoria K. Gehris, Assistant Corporate Secretary and Shareholder Administrator, at 610-832-4246 or via email to gehrisv@quakerchem.com.

We also invite you to visit the Investor Relations section of our website www.quakerchem.com for expanded information about the Company and to view an online version of our annual report.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Company's headquarters located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania, on May 10, 2017 at 8:30 a.m.

DIVIDEND REINVESTMENT & STOCK PURCHASE PLAN

Quaker's Dividend Reinvestment and Stock Purchase Plan offers shareholders a convenient and economical way to purchase additional Quaker Common Shares through the reinvestment of dividends and/or voluntary cash contributions without commissions or transaction fees. For further information concerning the Plan, contact American Stock Transfer & Trust Company, LLC at 1-877-724-6458.

QUARTERLY STOCK INFORMATION

The following table sets forth, for the calendar quarters during the past two years, the range of high and low sales prices for the common stock as reported on the NYSE (amounts rounded to the nearest penny) and the quarterly dividends paid:

	2016		2015		Dividends Paid	
	High	Low	High	Low	2016	2015
First Quarter	\$86.92	\$68.20	\$92.72	\$78.03	\$0.320	\$0.30
Second Quarter	93.61	81.12	90.69	80.69	0.320	0.30
Third Quarter	106.61	85.93	95.74	75.04	0.345	0.32
Fourth Quarter	139.92	102.82	85.99	75.42	0.345	0.32

As of January 17, 2017, there were 927 shareholders of record of the Company's common stock, \$1.00 par value, its only outstanding class of equity securities. This number does not include shareholders whose shares were held in nominee name.

KWR
LISTED
NYSE

Selected Financial Data

(In thousands except per share data, percentages, dividends and number of employees)

	2016 ⁽¹⁾	2015 ⁽²⁾⁽⁶⁾ (re-cast)	2014 ⁽³⁾⁽⁶⁾ (re-cast)	2013 ⁽⁴⁾⁽⁶⁾ (re-cast)	2012 ⁽⁵⁾⁽⁶⁾ (re-cast)
SUMMARY OF OPERATIONS					
Net sales	\$746,665	\$737,555	\$765,860	\$729,395	\$708,226
Income before taxes and equity in net income of associated companies	84,009	70,230	78,293	72,826	62,948
Net income attributable to Quaker Chemical Corporation	61,403	51,180	56,492	56,339	47,405
Per share					
Net income attributable to Quaker Chemical Corporation					
Common Shareholders—basic	4.64	3.84	4.27	4.28	3.64
Net income attributable to Quaker Chemical Corporation					
Common Shareholders—diluted	4.63	3.84	4.26	4.27	3.63
Dividends declared	1.355	1.260	1.150	0.995	0.975
Dividends paid	1.33	1.24	1.10	0.99	0.97
FINANCIAL POSITION					
Current assets ⁽⁶⁾	376,468	358,031	343,151	321,021	271,409
Current liabilities ⁽⁶⁾	127,411	124,514	124,169	129,799	107,539
Working capital ⁽⁶⁾	249,057	233,517	218,982	191,222	163,870
Property, plant and equipment, net	85,734	87,619	85,763	85,488	85,112
Total assets ⁽⁶⁾	692,028	680,727	664,376	583,642	535,790
Long-term debt	65,769	81,439	75,328	17,321	30,000
Total equity	412,606	381,243	365,135	344,696	289,676
OTHER DATA					
Current ratio	2.95/1	2.88/1	2.76/1	2.47/1	2.52/1
Capital expenditures	9,954	11,033	13,052	11,439	12,735
Net income as a percentage of net sales	8.2%	6.9%	7.4%	7.7%	6.7%
Return on average equity	15.5%	13.7%	15.9%	17.8%	17.2%
Equity per share at end of year	31.07	28.69	27.45	26.12	22.12
Common stock per share price range:					
High	139.92	95.74	93.56	81.52	54.00
Low	68.20	75.04	65.19	53.54	35.82
Number of shares outstanding at end of year	13,278	13,288	13,301	13,196	13,095
Number of employees at end of year:					
Consolidated subsidiaries	2,020	2,040	1,941	1,783	1,711
Associated companies	70	71	70	74	65

⁽¹⁾ Net income attributable to Quaker Chemical Corporation in 2016 includes equity income from a captive insurance company of \$1.7 million after tax; and \$0.4 million of a credit related to the Company's 2015 global restructuring program; offset by \$1.5 million of certain uncommon transaction-related expenses incurred with the execution of, and diligence on, acquisition candidates; and an after-tax charge of \$0.1 million related to a currency conversion charge at the Company's 50% owned equity affiliate in Venezuela.

⁽²⁾ Net income attributable to Quaker Chemical Corporation in 2015 includes equity income from a captive insurance company of \$2.1 million after tax; offset by an after-tax charge of \$2.8 million related to a currency conversion charge at the Company's 50% owned equity affiliate in Venezuela; \$2.8 million of certain uncommon transaction-related expenses related to the execution of, and diligence on, acquisition candidates; \$0.2 million of charges related to cost streamlining initiatives in the Company's South American segment; \$0.3 million of charges related to certain U.S. customer bankruptcies; and \$6.8 million of charges related to the Company's 2015 global restructuring program.

⁽³⁾ Net income attributable to Quaker Chemical Corporation in 2014 includes equity income from a captive insurance company of \$2.4 million after tax; offset by an after-tax charge of \$0.3 million related to a currency conversion charge at the Company's 50% owned equity affiliate in Venezuela; \$1.2 million of charges related to cost streamlining initiatives in the Company's EMEA and South American segments; a \$0.9 million charge related to a U.K. pension plan amendment; and \$0.8 million of charges related to certain customer bankruptcies.

⁽⁴⁾ Net income attributable to Quaker Chemical Corporation in 2013 includes equity income from a captive insurance company of \$5.5 million after tax; an increase to other income of \$2.5 million related to a mineral oil excise tax refund; and an increase to other income of \$0.5 million related to a change in an acquisition-related earnout liability; partially offset by an after-tax charge of \$0.4 million related to a currency conversion charge at the Company's 50% owned equity affiliate in Venezuela; \$1.4 million of charges related to cost streamlining initiatives in the Company's EMEA and South American segments; and a \$0.8 million net charge related to a non-income tax contingency.

⁽⁵⁾ Net income attributable to Quaker Chemical Corporation in 2012 includes equity income from a captive insurance company of \$1.8 million after tax; and an increase to other income of \$1.7 million related to a change in an acquisition-related earnout liability; partially offset by a charge of \$1.3 million related to the bankruptcy of certain customers in the U.S.; and a charge of \$0.6 million related to CFO transition costs.

⁽⁶⁾ Current assets, current liabilities, working capital and total assets for the years ended December 31, 2015, 2014, 2013 and 2012, respectively, have been re-cast to reflect the Company's early adoption in 2016 of an accounting standard update regarding the classification of deferred taxes on the balance sheet. The update requires that all deferred tax assets and liabilities, along with any related valuation allowances, be classified as noncurrent on the balance sheet.

Our Values in Action

CORPORATE SOCIAL RESPONSIBILITY Our CSR efforts balance people, planet and profit—creating a positive social, environmental and economic impact on our world and those we touch.



Since formalizing our CSR efforts in 2013, we continue to make progress toward our goals. In 2016, we added building blocks to further our CSR culture, increase external communication and strengthen our volunteering focus on education.

OUR SAFETY AND SECURITY.

2016

> In December, five Quaker sites in the US were audited and recommended for Responsible Care® 14001 certification—a safety, health and environmental management and security certification. This certification will take us one step closer to being a world-class chemical company in terms of safety.

> Our facility in The Netherlands implemented the first phase of the Seveso III directive—a requirement that aims to prevent major accidents involving “dangerous” substances (classified by the European Commission).

ONGOING

> Most of our plants outside of North America are OHSAS 18001 certified—an external recognition of our occupational health and safety management system.

OUR GOVERNANCE.

ONGOING

> We continued to enhance our risk management by improving our existing disaster recovery plan and cybersecurity defenses, regionalizing our global crisis management plan, and enhancing global baseline controls in our Finance department.

OUR ENVIRONMENT.

2016

> We adjusted the ROI calculations in our five-year plans to reduce our electricity, fuel, waste, water and wastewater by 10% in each region. This change was made to reduce investments while maintaining a feasible goal in most areas.

ONGOING

> All our main manufacturing sites are ISO 14001 certified—external recognition of our efforts to minimize harmful effects on the environment.

OUR PEOPLE.

2016

> We reduced The Quaker Safety Index (our global, internal index) by 10% versus prior year.

> To ensure better coordination of all CSR efforts, we replaced our “Green Teams” with “CSR Teams” whose responsibilities encompass a broader view of CSR-related activities.

ONGOING

> We continued our commitment to sustaining a diverse, inclusive workforce and offering a wide range of career growth opportunities to ensure engagement.

OUR PRODUCTS/SOLUTIONS.

2016

> We launched a new account management process and customized customer relationship management tool, called *OneQuaker*. Designed to improve how we execute our business strategy and to strengthen our brand, it also will capture records of CSR impact. More than 400 customer-facing associates were trained around the globe.

ONGOING

> At nearly every Quaker site, as well as at customer sites where we deliver services and products directly, we’ve achieved ISO 9001 certification.

OUR COMMUNITIES.

2016

> Within our community engagement program, *Quaker’s Formula for Giving*, we held 69 Quaker-organized group volunteer events and contributed 1,385 community-service hours worldwide. *Quaker’s Formula for Giving* is our vehicle for being good corporate citizens where we work and live.

> We increased our focus on education—additional sites in the United States “adopted” a local non-profit organization and held education-related volunteer activities. As a knowledge-sharing company, we’re focused on education in our communities.

ONGOING

> For nearly 60 years, we have supported non-profit organizations in the US through *The Quaker Chemical Foundation*.

QUAKER'S CORE VALUES The strength of our culture and values has made us the company we are today. And it will sustain us in the future—creating new opportunity, new promise and new growth.



CUSTOMER COMMITMENT. We continuously seek ways to exceed the expectations of our customers and are solely focused on their success.



DIVERSITY AND INCLUSION. We are committed to creating a work environment that encourages, values and fully leverages diverse backgrounds, experiences and cultures.



EXCELLENCE. We set high expectations, holding ourselves accountable for results. We work with a strong sense of urgency and strive for flawless execution.



INTEGRITY. We value honesty, “do the right thing” in our behavior and deliver on our promises.



ENTREPRENEURSHIP. We encourage new ideas and innovative thinking in the pursuit of constructive change.



SAFETY. We will provide a safe working environment and expect our associates to operate in a safe manner in all circumstances.



TEAMWORK. We will work together as a globally integrated whole and expect cooperation and open communication between all associates.



RESPECT. We will treat others with respect while conducting business both within and outside of the company.

We don't wait for opportunities, we make our own. No matter what the challenges, we stay focused, customer-centric and disciplined. We are unlocking value for our shareholders with growth that outpaces the S&P 500.

Every day, we strive to understand our customers more deeply • deliver value more effectively • share our knowledge more widely • and execute our strategy with more rigor. *That's how we deliver results in a uncertain world.*

**NORTH AMERICAN
HEADQUARTERS**

Quaker Chemical Corporation
One Quaker Park
901 E. Hector Street
Conshohocken, PA 19428-2380
+1.610.832.4000

**EUROPEAN
HEADQUARTERS**

Quaker Chemical B.V.
Industrieweg 7
1422 AH Uithoorn
The Netherlands
+31.297.544644

**ASIA/PACIFIC
HEADQUARTERS**

Quaker Chemical (China) Co., Ltd.
No. 619 TianYing Road
Qingpu Industrial Park
Shanghai 201700
China
+86.21.3920.1666

**SOUTH AMERICAN
HEADQUARTERS**

**Quaker Chemical Indústria
e Comércio Ltda.**
Avenida Brasil, Nº 44.178
Distrito Industrial de Campo Grande
23.078-001 - Rio de Janeiro - RJ
Brazil
+55.21.3305.1800

