QUAKER CHEMICAL CORP
Form DEFM14A
July 31, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

QUAKER CHEMICAL CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

QUAKER CHEMICAL CORPORATION

One Quaker Park

901 E. Hector Street

Conshohocken, Pennsylvania 19428

(610) 832-4000

July 31, 2017

Dear Shareholder:

On April 4, 2017, Quaker Chemical Corporation (the **Company**) entered into a Share Purchase Agreement (the **Share Purchase Agreement**) with Global Houghton Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Houghton**), Gulf Houghton Lubricants, Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Gulf**), certain current and former members of the management of Houghton (collectively with Gulf, the **Sellers**) and Gulf as representative for the Sellers (in this capacity, the **Sellers Representative**). The terms we, our, us, the Company and Quaker, as used in this letter and in the accompanying proxy statement, refer to Quaker Chemical Corporation.

Upon the terms and subject to the conditions set forth in the Share Purchase Agreement, the Company has agreed to purchase (the **Combination**) all of the outstanding share capital (the **Shares**) of Houghton from the Sellers. The Shares will be sold for an aggregate purchase price (subject to adjustment as provided in the Share Purchase Agreement) of: (1) $172,500,000 in cash; and (2) a number of shares (the **Consideration Shares**) of common stock, $1.00 par value per share, of the Company (the **Common Stock**) comprising 24.5% of the Common Stock outstanding immediately after the closing of the Combination (the **Closing**), which based on the closing stock price of shares of our Common Stock on the New York Stock Exchange on the record date, had a value of approximately $626,344,715. There can be no assurance as to what the value of the Consideration Shares will be at the Closing. If the proposed Charter Amendment, as described below, is not approved by the Company s shareholders at the Meeting (as defined below), the Company will instead issue, as the Consideration Shares, shares of a new series of voting preferred stock of the Company (the **Preferred Stock**) having in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other rights equivalent to the Common Stock. The terms of the Share Purchase Agreement and other aspects of the Combination are more fully described in the accompanying proxy statement.

On behalf of the Board of Directors (the **Board**) of the Company, I cordially invite you to attend the Special Meeting of Shareholders (the **Meeting**) of the Company, which will be held at our headquarters, located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, at 8:30 A.M., local time, on September 7, 2017. The matters to be considered by our shareholders at the Meeting are described in detail in the accompanying materials. The matters that our shareholders will be considering are the approval of: (1) the amendment (the **Charter Amendment**) of our Articles of Incorporation (as amended, our **Articles of Incorporation**), to provide that every holder of Common Stock will be entitled to one vote for each share of Common Stock standing in its name on the books of the Company; (2) the issuance (the **Issuance**) of the Consideration Shares (either as Common Stock or Preferred Stock) in connection with the Combination; and (3) the adjournment of the Meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals at the time of the Meeting (the **Adjournment Proposal**). This proxy is solicited on behalf of the Board.

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We are seeking shareholder approval of the Issuance in connection with the Combination to satisfy the rules of the New York Stock Exchange, which require shareholder approval before the issuance of common shares in connection with any transaction or series of related transactions if: (1) the common shares have, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such shares; or (2) the number of common shares to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of common shares outstanding before the issuance of the common shares. Because it is contemplated that the shares of Common Stock to be issued in the Combination will exceed the 20% threshold, the Issuance requires shareholder approval. Under the rules of the New York Stock Exchange, approval of the proposal requires the affirmative vote of the holders of a majority in voting power of the shares of Common Stock present or represented and voting on the proposal (provided that a quorum is present at the Meeting). Shareholder approval of the Issuance in connection with the Combination is a required condition to the completion of the Combination. We are also seeking approval of the other matters summarized above and described in further detail in this proxy statement.

Shareholders of record at the close of business on June 15, 2017 (the **Record Date**) are entitled to receive notice of and vote at the Meeting and any adjournment or postponement thereof.

After careful consideration, the Board unanimously recommends that you vote FOR the proposal to approve the Charter Amendment, FOR the proposal to authorize the Issuance, and FOR the Adjournment Proposal.

It is very important that you be represented at the Meeting regardless of the number of shares you own. Even if you plan to attend the Meeting, I urge you to submit your proxy promptly. You may vote your shares in person at the Meeting, via the Internet, via a toll-free telephone number or by marking, signing and dating your proxy card and returning it in the envelope provided, as described in further detail in the accompanying proxy statement. Voting over the Internet, by phone or by proxy card will not prevent you from voting in person, but it will ensure that your vote is counted if, for any reason, you are unable to attend the Meeting. If your shares are held in the name of a bank, brokerage firm, fiduciary or custodian, as record holder of your shares, please follow the voting instructions on the form you receive from your record holder. The method of submitting a voting proxy through any such record holder will depend on their voting procedures.

Your vote is very important. The Combination cannot be completed unless a quorum is present in person or by proxy and holders of a majority of the votes cast at the Meeting vote in favor of the proposal to approve the Issuance. A failure to vote your shares of Common Stock on the proposal to approve the Issuance will not count as a vote cast, and therefore will have no effect on the approval of the Issuance (unless such failures, in the aggregate, prevent a quorum as described in the accompanying proxy statement).

We urge you to read carefully the accompanying proxy statement (and the documents incorporated by reference into it) which includes important information about the Combination, the Company, Houghton, the Sellers and the Meeting. You may obtain additional information about us from the documents we file with the U.S. Securities and Exchange Commission (the **SEC**). **Please pay particular attention to the section titled Risk Factors beginning on page 20 of the accompanying proxy statement.**

These proxy materials are being mailed to shareholders of record on or about August 1, 2017.

Your continued support and interest in the Company are sincerely appreciated.

Sincerely,

Michael F. Barry

Chairman of the Board, Chief Executive Officer and

President

Quaker Chemical Corporation

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QUAKER CHEMICAL CORPORATION

One Quaker Park

901 E. Hector Street

Conshohocken, Pennsylvania 19428

(610) 832-4000

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on September 7, 2017

Dear Shareholder:

You are cordially invited to attend the Special Meeting of Shareholders (the **Meeting**) of Quaker Chemical Corporation (the **Company**), to be held at our headquarters, located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, at 8:30 A.M., local time, on September 7, 2017. The terms we, our, us, the Company and Quaker, as used in this notice and in the accompanying proxy statement, refer to Quaker Chemical Corporation.

The Special meeting is being called in connection with the proposed purchase (the **Combination**) of all of the outstanding share capital (the **Shares**) of Global Houghton Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Houghton**), from Gulf Houghton Lubricants, Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Gulf**), and certain current and former members of the management of Houghton (collectively with Gulf, the **Sellers**) pursuant to a Share Purchase Agreement (the **Share Purchase Agreement**), dated as of April 4, 2017, by and among the Company, the Sellers, Houghton and Gulf as representative for the Sellers (in this capacity, the **Sellers Representative**) and as described in the accompanying proxy statement.

At the Meeting, you will be asked to consider and vote upon proposals to:

1. Approve an amendment (the **Charter Amendment**) of our Articles of Incorporation (as amended, our **Articles of Incorporation**), that provides that every holder of common stock, $1.00 par value per share, of the Company (the **Common Stock**) will be entitled to one vote for each share of Common Stock standing in its name on the books of the Company;

2. Approve the issuance (the **Issuance**) of a number of shares (the **Consideration Shares**) of equity securities that will have 24.5% of the voting rights applicable to the Company s outstanding voting securities immediately after the closing (the **Closing**) of the Combination (as defined in the proxy statement), and economic and other rights equivalent to the Company s Common Stock as described in the proxy statement; and

3. Approve the adjournment of the Meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals at the time of the Meeting (the **Adjournment Proposal**).

These items of business are described in detail in the accompanying proxy statement.

All shareholders of Quaker who owned shares of record on June 15, 2017 (the **Record Date**) can attend and are entitled to vote in person or by proxy at the Meeting. If you want to vote in person and you hold Common Stock in street name (i.e., your shares are held in the name of a brokerage firm, bank or other nominee), you must obtain a proxy card issued in your name from your nominee and bring that proxy card to the meeting, together with a copy of a brokerage or other statement reflecting your stock ownership as of the Record Date and valid government-issued photo identification. If you hold Common Stock in street name and want to attend the Meeting but not vote in person at the Meeting, you must bring a copy of a brokerage or other statement reflecting your stock ownership as of the Record Date, the stock acquisition date and valid government-issued photo identification.

After careful consideration, the Board of Directors (the **Board**) of the Company unanimously recommends that you vote **FOR** each of Proposals 1, 2 and 3.

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YOUR VOTE IS IMPORTANT!

We cannot complete the Combination unless our shareholders approve the Issuance. Closing of the Combination is subject to the approval by our shareholders of the Issuance (the **Company Shareholder Approval**) and the satisfaction of other closing conditions, including certain regulatory approvals. We are obligated to reimburse Houghton and the Sellers for certain documented out of pocket Combination-related expenses up to $10 million if the Company Shareholder Approval is not obtained. The Share Purchase Agreement may be terminated by the Company or Gulf if any of their respective closing conditions have not been, or if it becomes apparent that any of such conditions will not be, fulfilled by April 4, 2018, unless such failure is due to the failure of the terminating party to perform or comply with any of the covenants, agreements or conditions thereof required to be performed or complied with by it before the Closing.

You should read the accompanying proxy statement and the information incorporated by reference into the proxy statement carefully. Whether or not you plan to attend the Meeting, you are urged to vote your shares promptly either by Internet, by telephone or by mail by signing, dating and mailing the proxy card in the envelope provided. You may revoke your proxy at any time before it is exercised at the Meeting as described in the accompanying proxy materials. If your shares are held in the name of a bank, brokerage firm or other nominee as record holder of our shares, follow the voting instructions on the form you receive from your nominee. The method of submitting a voting proxy through any such record holder will depend on their voting procedures.

Thank you very much for your continued support.

By order of the Board:

Robert T. Traub

Vice President, General Counsel

and Corporate Secretary

Quaker Chemical Corporation

Conshohocken, Pennsylvania

July 31, 2017

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QUAKER CHEMICAL CORPORATION

One Quaker Park

901 E. Hector Street

Conshohocken, Pennsylvania 19428

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the **Board**) of Quaker Chemical Corporation (the **Company**) of proxies to be voted at our Special Meeting of Shareholders (the **Meeting**) to be held at our headquarters, located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, at 8:30 A.M., local time, on September 7, 2017. Holders of record of shares of our common stock, $1.00 par value per share (the **Common Stock**), as of the close of business on June 15, 2017 (the **Record Date**), will be entitled to receive notice of and vote at the Meeting and any adjournment or postponement thereof. As of the Record Date, there were 13,309,643 shares of Common Stock issued and outstanding. Every holder of Common Stock is entitled to either one vote or ten votes for each share held of record on the Record Date, based on how long such shares have been owned by the holder.

The Special meeting is being called in connection with the proposed purchase (the **Combination**) of all of the outstanding share capital (the **Shares**) of Global Houghton Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Houghton**), from Gulf Houghton Lubricants, Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Gulf**), and certain current and former members of the management of Houghton (collectively with Gulf, the **Sellers**) pursuant to a Share Purchase Agreement (the **Share Purchase Agreement**), dated as of April 4, 2017, by and among the Company, the Sellers, Houghton and Gulf as representative for the Sellers (in this capacity, the **Sellers Representative**) and as described in this proxy statement.

The terms we, our, us, the Company and Quaker, as used in this proxy statement, refer to Quaker Chemical Corporation.

In connection with the Meeting, you are being asked to consider and vote upon proposals to:

1. Approve an amendment (the **Charter Amendment**) of our Articles of Incorporation (as amended, our **Articles of Incorporation**), that provides that every holder of Common Stock will be entitled to one vote for each share of Common Stock standing in its name on the books of the Company;

2. Approve the issuance (the **Issuance**) of a number of shares (the **Consideration Shares**) of equity securities that will have 24.5% of the voting rights applicable to the Company s outstanding voting securities immediately after the closing (the **Closing**) of the Combination (as defined in the proxy statement), and economic and other rights equivalent to the Company s Common Stock as described in the proxy statement; and

3. Approve the adjournment of the Meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals at the time of the Meeting (the **Adjournment Proposal**).

A summary of information regarding the Combination is set forth below.

SUMMARY TERM SHEET

This summary highlights selected information from this proxy statement and the documents referred to or incorporated by reference herein, and may not contain all of the information that is important to you. Below is a summary of the principal terms of the transactions and the proposals we are asking you to consider at the Meeting. To better understand the transactions and the proposals we are asking you to consider, you should read this entire proxy statement carefully, as well as those additional documents to which we refer. Each item in this *summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference into this proxy statement by following the instructions set forth in the section entitled Where You Can Find More Information .*

The Companies (see Page 33)

Quaker Chemical Corporation

Quaker develops, produces, and markets a broad range of formulated chemical specialty products and offers chemical management services (CMS) for various heavy industrial and manufacturing applications in a global portfolio throughout its four regions: the North America region, the Europe, Middle East and Africa (EMEA) region, the Asia/Pacific region and the South America region. The principal products and services in Quaker s global portfolio include: (i) rolling lubricants (used by manufacturers of steel in the hot and cold rolling of steel and by manufacturers of aluminum in the hot rolling of aluminum); (ii) machining and grinding compounds (used by metalworking customers in cutting, shaping, and grinding metal parts which require special treatment to enable them to tolerate the manufacturing process, achieve closer tolerance, and improve tool life); (iii) hydraulic fluids (used by steel, metalworking, and other customers to operate hydraulic equipment); (iv) corrosion preventives (used by steel and metalworking customers to protect metal during manufacture, storage, and shipment); (v) specialty greases (used in automotive production processes, the manufacturing of steel, and various other applications); (vi) metal finishing compounds (used to prepare metal surfaces for special treatments such as galvanizing and tin plating and to prepare metal for further processing); (vii) forming compounds (used to facilitate the drawing and extrusion of metal products); (viii) chemical milling maskants for the aerospace industry; (ix) temporary and permanent coatings for metal and concrete products; (x) construction products, such as flexible sealants and protective coatings, for various applications; (xi) bio-lubricants (that are mainly used in machinery in the forestry and construction industries); (xii) die casting lubricants; and (xiii) programs to provide CMS.

We are a Pennsylvania corporation. Our registered office and headquarters are located in Conshohocken, Pennsylvania at One Quaker Park, 901 E. Hector Street. Our phone number is (610) 832-4000.

Global Houghton Ltd.

Houghton is an exempted company incorporated under the laws of the Cayman Islands. Houghton is a leading global provider of specialty chemicals and technical services for metalworking and other industrial applications. Its primary products include metalworking fluids and specialty hydraulic fluids. Metalworking fluids are chemical formulations used for a variety of metal processing applications. Its specialty hydraulic fluids are designed to improve performance in critical hydraulic systems of industrial machinery, offshore drilling rigs and metal rolling applications. Houghton and its subsidiaries manufacture and market more than 6,000 specialty chemical formulations developed over its 150-year history. Its products are often customized for a customer s specific application and can provide cost savings and other benefits to a customer s manufacturing process, such as increasing machine throughput, extending tool life, reducing corrosion, bacterial growth and waste, and improving surface finishing. To complement its extensive product portfolio, Houghton and its subsidiaries also offer a broad range of value-added technical services to its customers. The scope of technical services provided depends on each customer s specific requirements and can range from basic product customization and on-site technical support to comprehensive chemical management.

The address of Houghton s principal executive offices is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town Grand Cayman KY1-1102 Cayman Islands and its phone number is (345) 949-0050.

Gulf Houghton Lubricants Ltd.

Gulf Houghton Lubricants Ltd. (**Gulf** and, together with certain current and former managers of Houghton who are parties to the Share Purchase Agreement, **Sellers**) is an exempted company incorporated under the laws of the Cayman Islands. The address of Gulf s principal executive offices is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town Grand Cayman KY1-1102 Cayman Islands and its phone number is (345) 949-0050.

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Summary of the Principal Terms of the Combination and the Issuance (Page 34)

The Combination and Issuance

On April 4, 2017, the Company entered into the Share Purchase Agreement. Upon the terms and subject to the conditions set forth in the Share Purchase Agreement, the Company agreed to purchase all of the Shares of Houghton from the Sellers for an aggregate purchase price (subject to adjustment as provided in the Share Purchase Agreement) of: (1) $172,500,000 in cash; and (2) a number of shares (the **Consideration Shares**) of Common Stock comprising 24.5% of the Common Stock outstanding immediately after the Closing (the date of such Closing, the **Closing Date**), which based on the closing stock price of shares of our Common Stock on the New York Stock Exchange on the Record Date, had a value of approximately $626,344,715. In addition, effective as of the Closing, the Company anticipates refinancing substantially all of Houghton s consolidated indebtedness, which as of March 31, 2017 was approximately $700 million in the aggregate, net of cash. There can be no assurance as to what the value of the Consideration Shares will be at the Closing. If the proposed Charter Amendment, as described in this proxy statement, is not approved by the Company s shareholders at the Meeting, the Company will instead issue, as the Consideration Shares, preferred stock (the **Preferred Stock**) having in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other rights equivalent to the Common Stock. A portion of the cash consideration and the Consideration Shares, initially totaling in the aggregate $100,000,000, will at the Closing be placed in escrow to secure against breaches of the Sellers representations, warranties and covenants in the Share Purchase Agreement.

Closing of the Combination is subject to the approval by the shareholders of the Company of the Issuance (the **Company Shareholder Approval**) and the satisfaction at the Closing of other closing conditions, including certain regulatory approvals, as described below. The approval of the Charter Amendment is not a condition to the Closing.

If the Company or Houghton is required, in order to obtain necessary regulatory approvals, to commit to any divestiture, license, hold separate, sale or other disposition of or with respect to the businesses, assets, properties or product lines of the Company, Houghton or any of their respective subsidiaries, representing a certain amount of pro forma combined 2016 net sales of the Company and Houghton (which commitment we refer to as a **triggering divestiture**), the purchase price will, subject to certain limitations, be adjusted downward. In addition, the Company, or Gulf in certain circumstances, may choose not to go forward with the Combination if triggering divestitures representing more than $80 million of pro forma combined 2016 net sales are required in connection with obtaining regulatory approval. There can be no assurance that a triggering divestiture will not occur, and accordingly there can be no assurance that the purchase price will not be adjusted, or that substantial divestitures will not be required, in which event the Combination may not close.

The Company and the Sellers have each made customary representations and warranties. The parties liabilities under the Share Purchase Agreement are subject to certain caps and thresholds. In addition, the Company, Sellers and Houghton are subject to customary covenants between the date of the Share Purchase Agreement and the date of the Closing, including the obligation to operate Houghton in the ordinary course of business consistent with past practice.

Conditions to Closing of the Combination

The Closing is conditioned on the following conditions, among others, having been satisfied or waived in accordance with the Share Purchase Agreement:

All necessary and material filings and notices required to be made before Closing under the applicable antitrust and competition laws (the **Antitrust Laws**) shall have been made and any applicable and mandatory waiting period or other time periods (including any extensions thereof) under such legislation or regulation in any such jurisdiction shall have expired or been terminated, all other material obligations under the Antitrust Laws having been complied with in each case in connection with the transactions contemplated by the Share Purchase Agreement, and all material authorizations,

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consents or approvals necessary under the Antitrust Laws in any jurisdiction for or in respect of the transactions contemplated by the Share Purchase Agreement shall have been obtained from all appropriate governmental authorities in each such jurisdiction and all such authorizations, consents or approvals shall remain in full force and effect and there shall be no notice of any intention to revoke, suspend, or adversely restrict or modify any of the same;

No governmental authority shall have enacted, issued, promulgated, enforced or entered any order which is in effect and has the effect of making the transactions contemplated by the Share Purchase Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof;

The representations and warranties of each Seller and the Company contained in the Share Purchase Agreement, the other transaction documents and any certificate or other writing delivered pursuant to such agreement must have been true and correct in all material respects as of the date of the Share Purchase Agreement and in all material respects as of the Closing Date (except for representations and warranties made as of a specified date, which must have been true and correct as of the specified date); *provided*, *that* certain fundamental representations and warranties must be true and correct as of the Closing Date in all respects;

Each Seller and the Company must have duly performed and complied in all material respects with all agreements, covenants and conditions required by the Share Purchase Agreement and each of the other transaction documents to be performed or complied with by them before or on the Closing Date;

No Action shall have been commenced by any Governmental Authority against the Company, or against any Seller or Houghton or any subsidiary and be pending, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby;

All other required consents shall have been received; and

From the date of the Share Purchase Agreement, there shall not have occurred any material adverse effect (as defined in that agreement), nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a material adverse effect.

Principal Reasons for the Combination (Page 34)

The Board of Directors (the **Board**) of the Company and the Company s management believe that the Combination, of which the Issuance is a part, is a compelling opportunity to meet the multiple objectives of the Company s operating strategies and should increase shareholder value. Combining the Company s and Houghton s product solutions and service offerings will allow the resulting company to better serve customers in the automotive, aerospace, heavy equipment, metals, mining, machinery, marine, offshore, and container industries. The business is expected to have one of the world s most expansive metalworking platforms comprised of specialty products that include removal fluids, forming fluids, protecting fluids, heat treating fluids, industrial lubricants and greases. The expanded portfolio is expected to generate significant cross-selling opportunities and allow further expansion into growth markets that include India, Korea, Japan, and Mexico. By combining resources, the combined company is expected to increase the breadth of its innovative technology, accelerate its product development capabilities, speed its time to market, and diversify its long-term R&D pipeline.

In addition, the Company currently anticipates achieving cost synergies of approximately $45 million, the majority of which are expected to be realized within two years of Closing. These synergies are expected to be driven primarily by supply efficiencies and cost reductions. Additional value creation is expected through the cross-selling opportunities and the ability to provide an expanded array of products and solutions for customers, as discussed above.

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Opinion of the Company s Financial Advisors (Page 38)

By letter agreement dated September 29, 2016, as amended on March 2, 2017 (as so amended, the **Engagement Agreement**), the Company retained The Valence Group to provide a fairness opinion in connection with the Combination. In connection with this engagement, The Valence Group rendered its opinion that, as of April 3, 2017 and based upon and subject to the factors and assumptions set forth therein, the consideration to be paid by the Company in the Combination pursuant to the Share Purchase Agreement was fair, from a financial point of view, to the Company. In reviewing the opinion, the Board considered, among other things, that the differences between the common stock to be issued if the Charter Amendment is approved, and the preferred stock to be issued if the Charter Amendment is not approved are not material and do not substantively affect shareholder rights. Because the Board deemed these two alternatives to be functionally equivalent in all material respects, it determined that The Valence Group s assumption of the adoption of the Charter Amendment effectively addressed both potential scenarios, and that therefore the opinion would in all material respects be equally applicable under either scenario. The Board advised The Valence Group of this determination and The Valence Group agreed that this was a reasonable assumption.

As contemplated by the Engagement Letter with The Valance Group, the full text of the written opinion of The Valence Group, dated April 3, 2017, which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection therewith, is attached as Annex B to this proxy statement. The summary of the opinion of The Valence Group set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. Shareholders are urged to read the opinion carefully and in its entirety. The Valence Group s opinion was not intended to be and does not constitute a recommendation to any member of the Board, any security holder of the Company, or any other person as to how they should vote or act with respect to any matter related to the Combination or otherwise.

Regulatory Approvals and Regulatory Notifications (Page 57)

Closing of the Combination is subject to the following principal regulatory approvals and regulatory notifications:

- Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the **HSR Act**), certain transactions, including the Combination and the issuance of the Consideration Shares, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice (the **Antitrust Division**) and the Federal Trust Commission (the **FTC**) and all statutory waiting period requirements have been satisfied. Completion of the Combination is subject to the expiration or termination of the applicable waiting period under the HSR Act. Both the Company and Houghton filed their respective Notification and Report Forms with the Antitrust Division and the FTC. On July 3, 2017, the Company and Houghton each received a formal request for additional information pursuant to 16 C.F.R. § 803.20 (a **Second Request**) from the FTC. The effect of a Second Request is to extend the waiting period until 30 calendar days following the date both companies have substantially complied with the Second Request, unless the waiting period is terminated earlier by the FTC, or extended by agreement of the companies or court order. The parties intend to respond to the Second Request as quickly as practicable, and to continue to work cooperatively with the FTC in connection with its review. Completion of the Combination and issuance of the Consideration Shares remains subject to receipt of certain required or recommended regulatory approvals, including notification, clearance and/or approval in the European Union and Australia. The parties intend to continue to work cooperatively with regulators in each of these jurisdictions to facilitate the resolution of their respective reviews. China s regulatory authority notified the parties on July 17, 2017 that it approved the Combination.

The Company s compliance with applicable United States federal and state securities laws and the New York Stock Exchange (**NYSE**) Listing Rules in connection with the Issuance. The rules of the NYSE require shareholder approval before the issuance of securities in connection with the acquisition of the stock or assets of another company if the issuance would constitute more than 20% of the total number of shares of common stock outstanding before the issuance. We are seeking shareholder approval of the Issuance to satisfy these rules.

Financing Associated with the Combination (Page 58)

In connection with entering into the Share Purchase Agreement and the transactions contemplated thereby, the Company on April 4, 2017 also entered into a Senior Secured Credit Facilities Commitment Letter (together with all exhibits thereto, the **Commitment Letter**) with Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. (collectively, the **Commitment Parties**). Pursuant to the Commitment Letter and subject to the terms and conditions set forth therein, the Commitment Parties have committed to provide senior secured credit facilities of up to $1.15 billion consisting of (i) a $575 million senior secured term loan to the Company on the Closing Date, (ii) a senior secured term loan in Euros in an amount equal to $175 million to certain European subsidiaries of the Company (collectively, the **Foreign Borrowers**) on the Closing Date, and (iii) a $400 million revolving facility available to the Foreign Borrowers or the Company (collectively, the **Financing**). The proceeds of the term loans and a portion of the revolving credit loans are expected to be used at the Closing for the purpose of funding (i) the payment of $172.5 million of the consideration to be paid in cash in respect of the Combination, (ii) the repayment of an estimated amount of approximately $66 million of existing indebtedness of the Company and its subsidiaries, (iii) the repayment of an estimated amount of approximately $752 million of indebtedness of Houghton and its subsidiaries, and (iv) the payment of an estimated amount of approximately $50 million of fees and expenses incurred in connection with the foregoing. It is also expected that the remainder of the revolving facility would remain available to provide liquidity for the Company after the Closing for general corporate purposes. The commitment to provide the Financing is subject to certain terms and conditions, including the negotiation of definitive documentation and other customary closing conditions consistent with the Share Purchase Agreement and Commitment Letter. We have negotiated the terms of the credit agreement and the form of the guaranty agreement (neither of which have yet become effective and both of which need some additional information and/or schedules before they are complete) and expect to complete the negotiation of the remainder of the definitive agreements governing the Financing and finalize the documentation before the Closing.

Impact of the Issuance on Existing Shareholders (Page 58)

The Issuance will dilute the Common Stock ownership percentages of our existing shareholders. As of the Record Date, there were 13,309,643 shares of Common Stock issued and outstanding. When the Combination is completed, the Common Stock owned by the Sellers will represent, in the aggregate, 24.5% of the issued and outstanding shares of Quaker s Common Stock immediately after the Closing, or a number of shares of voting Preferred Stock having in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other rights equivalent to the Common Stock. Each Seller will be entitled to that portion of the Consideration Shares represented by its ownership interest in Houghton as of the Closing.

As a result of the Issuance, Gulf will become our largest shareholder and will have substantial influence over matters submitted to a vote of our shareholders, including the election of directors, amendment of our organizational documents, acquisitions or other business combinations involving Quaker, and potentially the ability to prevent extraordinary transactions such as a takeover attempt.

Quaker Board of Directors following the Combination (Page 58)

As a result of the Combination, Gulf will initially be entitled to representation on our Board, the size of which we expect to be increased from nine to twelve members at or before the Closing, resulting in three vacancies in the Board. Under the terms and subject to the conditions of the Shareholder Agreement, three individuals designated by Gulf, who have not yet been identified, will be appointed to the Board at the Closing to fill those vacancies, each to serve on one of our Board s three separate director classes. Gulf will thereafter have the right to nominate: three individuals for election to the Board for so long as the aggregate percentage ownership of Gulf (and the other Shareholders as defined in the Shareholder Agreement) as of the record date for such meeting exceeds 19%; two individuals for so long as their percentage ownership exceeds 14%; and one individual for so long as their percentage ownership exceeds 10%. Upon the mutual agreement of the Company and the Sellers, Gulf may be entitled to two of nine directors, instead of three of twelve directors, in which case the parties will agree to alternative percentages.

Dissenters or Appraisal Rights of Existing Shareholders (Page 59)

Under applicable Pennsylvania law, the Company s shareholders do not have dissenters or appraisal rights in connection with the Issuance of the Consideration Shares. We do not plan to independently provide shareholders with any such rights.

Registration of Certain Shares of Quaker Common Stock Issued in the Combination (Page 59)

The shares of Common Stock issued to Sellers in the Combination will not be registered under the Securities Act of 1933 (as amended, the **Securities Act**), and will be subject to various restrictions and limitations on transfer under U.S. securities laws. The Company has agreed to register the shares held by Gulf upon certain term and conditions as set forth in the Shareholder Agreement, following six months after the Closing. The Company has also agreed upon certain terms and conditions to register the shares of the individual stockholders of Houghton who also are Sellers under the Share Purchase Agreement and who are receiving shares of the Company s Common Stock in the Combination, within thirty days of the Closing.

Anticipated Accounting Treatment of the Combination (Page 59)

Quaker prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (referred to as GAAP). The Combination will be accounted for by Quaker using GAAP. Quaker expects to allocate the purchase price being paid by it to the fair value of Houghton s tangible and intangible assets as of the Closing Date, with the excess purchase price, if any, being recorded as goodwill.

Material U.S. Federal Income Tax Consequences of the Combination (Page 59)

The Combination will not result in any taxable gain or loss for U.S. federal income tax purposes to Quaker or to any Quaker shareholder in his, her or its capacity as a Quaker shareholder. Quaker shareholders who are also Sellers, if any, should consult their own tax advisors as to the tax consequences of participating in the Combination with respect to their Houghton stock, or the shares of Quaker Common Stock (or Preferred Stock) they may be entitled to receive in the Combination.

Risk Factors (Page 20)

There are a number of risks related to the Combination and the Issuance and to the existing business of the Company and the business of the Company after the Combination. See *Risk Factors* beginning on page 20 of this proxy statement for a discussion of these and other risks.

Vote Required and Recommendation of the Board (Page 59)

You may vote in favor of, against, or abstain from voting on each of the proposals being presented at the Meeting, namely, the Charter Amendment proposal, the Issuance proposal and the Adjournment proposal. The Charter Amendment proposal, the Issuance proposal and the Adjournment proposal each require the affirmative vote of a majority of votes cast by the Company s shareholders at the Meeting (provided that a quorum is present at the Meeting). Abstentions, failures to vote and broker non-votes, if any, are not considered votes cast and will therefore have no effect on the outcome of the vote on these proposals.

The Board unanimously recommends a vote FOR the approval of the Charter Amendment proposal, a vote FOR the approval of the Issuance proposal and a vote FOR the approval of the Adjournment proposal.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

The following are some of the questions, and answers to those questions, that you as a shareholder of the Company may have about the Combination, the Issuance and the other matters being considered at the Meeting to which this proxy statement relates. The information in this section does not provide all of the information that may be important to you with respect to the matters being considered at the Meeting. Therefore, you should read this proxy statement carefully, as well as the full contents of the other documents to which this proxy statement refers or incorporates by reference. These documents contain information that may be important to you in determining how you will vote on the matters to be considered at the Meeting. See Where You Can Find More Information beginning on page 110.

Q: When is the Meeting and where will it be held?

A: The Meeting will be held on September 7, 2017, at 8:30 A.M. local time, at Quaker Chemical Corporation, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428. The date, time and place of any adjournment or postponement of the Meeting will be established in accordance with our governing documents and applicable law.

Q: Why am I receiving these proxy materials?

A: Our Board is sending this proxy statement to provide shareholders with information about the Combination and the proposals so that they may determine how their shares should be voted at the Meeting.

Q: What am I being asked to vote on?

A: You are being asked to consider and vote on three matters:

1. approval of the Charter Amendment proposal;
2. approval of the Issuance proposal; and
3. approval of the Adjournment proposal.

Q: How does the Board recommend that I vote on the proposals?

A: The Board unanimously recommends that you vote:

1. **FOR** the Charter Amendment proposal;

2. **FOR** the Issuance proposal; and

3. **FOR** the Adjournment proposal.

Q: How many shares can be voted at the meeting?

A: As of June 15, 2017, the Record Date for the Meeting, 13,309,643 shares of Quaker Common Stock were issued and outstanding. Every holder of Quaker Common Stock is entitled either to one vote or ten votes for each share held of record on the Record Date, based on how long such shares have been owned by the holder, as determined using the Company s voting procedures, a copy of which is attached to this proxy statement as Annex A.

Q: Who is entitled to vote at the Meeting?

A: Only those shareholders who owned Common Stock at the close of business on the Record Date, which is June 15, 2017, are entitled to vote at the Meeting. At the close of business on the Record Date, we had 739 shareholders of record.

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Q: How many votes may I cast at the meeting?

A: Our voting structure has historically been generally designed to favor the interests of the long-term holders. To that end, you will be entitled to cast either one vote or ten votes for each share of Common Stock you held on June 15, 2017, the Record Date for the Meeting, depending upon how long you had held the shares as of the Record Date. As more specifically provided in Article 5 of Quaker s Articles of Incorporation:

Each share that, as of the Record Date, you had beneficially owned since June 15, 2014 will entitle you to ten votes.

Each share you acquired after June 15, 2014 will entitle you to one vote, with some exceptions. These exceptions are explained in Annex A to this proxy statement.

Based on long-standing practice, we presume that shares you hold in street or nominee name, or that are held for your account by a broker, clearing agency, voting trustee, bank, trust company, or other nominee, were acquired by you after June 15, 2014 and, accordingly, entitle you to one vote for each of these shares. You may, however, rebut this one-vote presumption by completing and executing the affidavit appearing on the voting instruction form. The Company and the Board reserve the right to require evidence to support the affidavit.

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

A: Based on the information available to us, as of June 15, 2017, at the Meeting the holders of 579,424 shares of Quaker Common Stock will be entitled to cast ten votes for each share held and the holders of 12,730,219 shares of Quaker Common Stock will be entitled to cast one vote for each share held, for a total of 18,524,459 votes. The number of shares that we have indicated are entitled to one vote includes those shares presumed by us to be entitled to only one vote, as described above. Because some of the holders of these shares may rebut this presumption, the total number of votes that may be cast at the meeting may increase.

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

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

Proposal 1

Q: Why is shareholder approval of the Charter Amendment described in Proposal 1 being sought?

A:

The Board has concluded, particularly in light of the proposed Combination, that there is no longer a compelling reason not to align our voting structure with that of the substantial majority of public companies and thereby potentially enhance corporate governance ratings of Quaker assigned by independent monitoring groups. These monitoring groups generally have disfavored enhanced voting rights for long-term shareholders.

The Board also considered the effect that the Issuance would have on Gulf s voting power both before and after three years. As of the Record Date, 13,309,643 shares of Common Stock were outstanding. If the equity component of the consideration in the Combination were calculated based on this amount, Quaker would issue 4,319,023 shares of Common Stock to the Sellers (24.5% of the outstanding shares). Under the current provisions of our Articles of Incorporation, this would only give Gulf 18.9% of the shareholder vote at issuance, because of the approximately 579,424 shares that, according to our records, have been held for more than three years. Because the presumption is rebuttable that shares held in street name have been held for less than three years, that percentage could go down, perhaps substantially, if street name holders rebut this presumption. This disparity between economic and voting rights is not consistent with our agreement with Gulf.

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Moreover, after three years, the number of shares entitled to ten-votes per share may change substantially. Hypothetically, and by way of illustration, if Gulf retained all of the shares issued in the Combination and we issued (or repurchased) no other shares of Common Stock, under our current Articles of Incorporation, after three years Gulf would still have shares of Common Stock equal to 24.5% of the outstanding shares, but it would be entitled to 43,190,230 votes. Assuming the number of other long-term holders remains approximately the same, Gulf would then hold approximately 70.0% of the voting power of the Common Stock, which would allow it to elect all members of the Board and take other actions that are inconsistent with the parties intent in the Combination. Equally important, the holders of the remaining 75.5% of our outstanding Common Stock would have their aggregate voting power reduced to only 30.0% of the total voting power of the Common Stock. To avoid this result, the Company will only issue Common Stock as Consideration Shares if the Charter Amendment is adopted; otherwise, it will issue Preferred Shares that will have in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other powers equivalent to the Common Stock.

In addition, the Board considered the following:

The Charter Amendment Will Fully Align Voting Power With Economic Ownership. Under our existing structure with differential voting rights, the economic interests of our shareholders may be different than their voting power. If the Charter Amendment is adopted, all holders of Quaker Common Stock will have voting power aligned to their economic ownership, and the disparity between voting power and economic ownership would be eliminated.

The Charter Amendment Reduces Confusion Over the Distribution of Voting Power. The Board believes that the elimination of special ten-vote voting rights will reduce confusion over the distribution of voting power among our shareholders. Currently, shareholders holding through banks or brokers are presumed to hold one-vote shares, but they may assert special ten-vote voting rights by following certain procedures. As a result, from time to time there has been confusion among Quaker shareholders regarding their voting power relative to other Quaker shareholders. In addition, because shareholders who hold shares in street name have until the date of the meeting to rebut the presumption that their shares have been held for less than three years, it is impossible to know in advance of the meeting exactly how many votes are eligible to be cast, which creates potential confusion for both the Company and shareholders.

The Charter Amendment Reflects the Reduced Frequency of Time-Phased Voting Systems. The Board believes that the time-phased voting rights of long-term shareholders have become significantly less prevalent among U.S. public corporations than when it was adopted in 1987. Recent studies and surveys indicate that only a small percentage of surveyed U.S. public companies maintain time-phased voting structures. Further, the significance of this feature for existing shareholders will be necessarily reduced by the issuance of shares in connection with the Combination. As a result, our Board concluded that, following the Combination, there would no longer be a compelling reason not to align with the majority of public companies and thereby potentially enhance corporate governance ratings of Quaker assigned by independent monitoring groups.

The Amendment Eliminates Administrative Burdens on Quaker. The complexity of Quaker s time-phase voting structure requires Quaker to bear additional administrative costs and burdens that are currently necessary to determine the voting power attributable to the high-vote shares. Each year, Quaker personnel must administer the time-phase voting system and oversee complex calculations to determine the total number of votes held by the long-term shareholders, right up to the date of any Shareholder Meeting. In addition, Quaker s transfer agent must implement and maintain cumbersome systems designed to monitor high-vote shares, which increase the costs of its services. Currently, Quaker no longer believes the benefits of its time-phase voting structure justify these administrative costs.

The Charter Amendment, if approved by our shareholders at the Meeting, is expected to be filed with the Secretary of State of the Commonwealth of Pennsylvania shortly after the Meeting, and to become effective whether or not the Combination is consummated.

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Q: Why does the Board recommend I vote FOR Proposal 1?

A: After careful consideration, the Board unanimously recommends that the Company s shareholders vote FOR Proposal 1 for the reasons discussed in the prior question.

Proposal 2

Q: Why is shareholder approval of the Issuance described in Proposal 2 required?

A: Under the rules of the New York Stock Exchange, shareholder approval is required before the issuance of common shares, or securities convertible into common stock, in connection with any transaction or series of related transactions, such as contemplated by the Share Purchase Agreement if: (1) the common shares (or other securities) have, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such shares; or (2) the number of common shares to be issued is, or will be upon issuance (or conversion of such other securities), equal to or in excess of 20% of the number of common shares outstanding before the issuance.

Under the Share Purchase Agreement, we have agreed to issue a number of Consideration Shares comprising 24.5% of our Common Stock outstanding immediately after the Closing (unless the Charter Amendment is not adopted, in which case Preferred Stock will be issued). Whether or not the Charter Amendment is approved at the Meeting, it is contemplated that the shares issued in the Combination will exceed the 20% threshold. Therefore, the Issuance requires shareholder approval.

Q: Will the Issuance described in Proposal 2 dilute the existing shareholders percentage of ownership in the Company?

A: Yes. The Issuance will dilute the Common Stock ownership percentages of our existing shareholders. When the Combination is completed, the Sellers will acquire (i) if the Charter Amendment described in Proposal 1 is approved at the Meeting, a number of shares of Common Stock comprising 24.5% of the Common Stock outstanding immediately after the Closing Date or, (ii) if the Charter Amendment described in Proposal 1 is not approved, shares of a newly-designated series of preferred stock of the Company to be approved by our Board having, as of the date of the Meeting, among other terms, economic rights equivalent to a 24.5% ownership interest of the outstanding shares of Common Stock and possessing 24.5% of the voting power of the Company s outstanding capital stock.

Q: How was the percentage of Quaker Common Stock to be issued in connection with the Combination determined?

A: In determining the percentage of Quaker Common Stock to be issued in connection with the Combination, our Board considered a number of factors, including (1) Houghton s revenue quality and growth history; (2) the prospects for Houghton s performance after combining Houghton s business with Quaker s; (3) the value and contract terms of Houghton s existing customer contracts; (4) Houghton s prospects and potential growth opportunities; (5) the quality of Houghton s management and employees; and (6) Houghton s current earnings before interest, taxes, depreciation and amortization (**EBITDA**) and other measures of profitability, and ability for those measures to be accretive to Quaker s shareholders. In considering the relative amounts of the components of the proposed consideration, cash and stock, the Company considered existing cash on hand, expected cash flow and long term leverage goals, as well as the Seller s strong preference for a greater proportion of cash. Once the Company determined the amount of cash it expected to be available, and the amount that it expected to be able to borrow without negatively affecting its long term leverage objectives, the remaining amount necessary to produce the aggregate purchase price was calculated as stock consideration.

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Q: Why is the Company engaging in the Combination and the Issuance?

A: For several years, the Board and the Company s management have been focused on executing strategies to increase shareholder value through both organic growth and a disciplined mergers and acquisitions strategy. The Board and the Company s management believe that the Combination, of which the Issuance is a part, is a compelling opportunity to meet the multiple objectives of the Company s operating strategies and should increase shareholder value. We expect that combining the Company s and Houghton s product solutions and service offerings will allow the resulting company to better serve customers in the automotive, aerospace, heavy equipment, metals, mining, machinery, marine, offshore, and container industries. The business is expected to have one of the world s most expansive metalworking platforms comprised of specialty products that include removal fluids, forming fluids, protecting fluids, heat treating fluids, industrial lubricants and greases. The expanded portfolio is expected to generate significant cross-selling opportunities and allow further expansion into growth markets that include India, Korea, Japan, and Mexico. By combining resources, we expect the combined company to increase the breadth of its innovative technology, accelerate its product development capabilities, speed its time to market, and diversify its long-term R&D pipeline.

In addition, the Company currently anticipates achieving cost synergies of approximately $45 million, most of which are expected to be realized within two years of Closing. These synergies are expected to be driven primarily by supply efficiencies as well as cost reductions. Additional value creation is expected through the cross-selling opportunities and the ability to provide an expanded array of products and solutions for customers, as discussed above. The Board also considered the historic financial performance and condition of Houghton.

Q: Is the Combination and Issuance subject to obtaining financing?

A: No, the Combination is not subject to obtaining financing and if Quaker is unable to obtain sufficient financing for the Combination, it would be unable to close the Combination and could be in breach of its obligations under the Share Purchase Agreement, which could expose us to significant damage claims by the Sellers. However, in connection with entering into the Share Purchase Agreement and the transactions contemplated thereby, the Company on April 4, 2017 also entered into a Senior Secured Credit Facilities Commitment Letter (together with all exhibits thereto, the **Commitment Letter**) with Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. (collectively, the **Commitment Parties**). Pursuant to the Commitment Letter and subject to the terms and conditions set forth therein, the Commitment Parties have committed to provide senior secured credit facilities of up to $1.15 billion consisting of (i) a $575 million senior secured term loan to the Company on the Closing Date, (ii) a senior secured term loan in Euros in an amount equal to $175 million to certain European subsidiaries of the Company (collectively, the **Foreign Borrowers**) on the Closing Date, and (iii) a $400 million revolving facility available to the Foreign Borrowers or the Company (collectively, the **Financing**). The proceeds of the term loans and a portion of the revolving credit loans are expected to be used at the Closing for the purpose of funding (i) the payment of $172.5 million of the consideration to be paid in cash in respect of the Combination, (ii) the repayment of an estimated amount of approximately $66 million of existing indebtedness of the Company and its subsidiaries, (iii) the repayment of an estimated amount of approximately $752 million of indebtedness of Houghton and its subsidiaries, and (iv) the payment of an estimated amount of approximately $50 million of fees and expenses incurred in connection with the foregoing. It is also expected that the remainder of the revolving facility would remain available to provide liquidity for the Company after the Closing for general corporate and working capital purposes. The commitment to provide the Financing is subject to certain terms and conditions, including the negotiation of definitive documentation and other customary closing conditions consistent with the Share Purchase Agreement and Commitment Letter. We have negotiated the terms of the credit agreement and the form of the guaranty agreement (neither of which have yet become effective and both of which need some additional information and/or schedules before they are complete) and expect to complete the negotiation of the remainder of the definitive agreements governing the Financing and finalize the documentation before the Closing.

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Q: Are there risks associated with the Combination?

A: Yes. The material risks associated with the Combination and Issuance that are known to us are discussed in the section entitled *Risk Factors* beginning on page 20 of this proxy statement. Those risks include, among others, the possibility that the integration of Houghton with our business may not be completed successfully, cost-effectively or on a timely basis; the loss of a major customer of Houghton or of Quaker as a result of the Combination or otherwise; the departure of certain key employees of both companies; and our ability to integrate, attract and retain new employees after the Combination. There may be other risks not described in this proxy statement of which we are not currently aware or which we do not currently believe are material.

Q: What will happen if the Issuance is not approved by Quaker s shareholders?

A: If our shareholders do not approve the Issuance, the Combination will not occur as contemplated by the Share Purchase Agreement. If our shareholders do not approve the Issuance, both Houghton and Quaker will have the right to terminate the Share Purchase Agreement.

Q: Will there be any change to the board of directors of Quaker after the Combination?

A: Yes. As a result of the Combination, Gulf will initially be entitled to representation on our Board, the size of which we expect to be increased from nine to twelve members at or before the Closing, resulting in three vacancies in the Board. Under the terms and subject to the conditions of the Shareholder Agreement, three individuals designated by Gulf, who have not yet been identified, will be appointed to the Board at the Closing to fill those vacancies, each to serve in one of our Board s three separate director classes. Gulf will thereafter have the right to nominate: three individuals for election to the Board for so long as the aggregate percentage ownership of Gulf (and the other Shareholders as defined in the Shareholder Agreement) as of the record date for such meeting exceeds 19%; two individuals for so long as their percentage ownership exceeds 14%; and one individual for so long as their percentage ownership exceeds 10%. Upon the mutual agreement of the Company and the Sellers, Gulf may be entitled to two of nine directors, instead of three of twelve directors, in which case the parties will agree to alternative percentages.

Q: Will anything happen to my Quaker Common Stock upon completion of the Combination?

A: No. After the completion of the Combination, each existing Quaker shareholder will have the same number of shares of Quaker Common Stock that he or she held immediately before the Combination. However, because we will be issuing new shares of our Common Stock in connection with the Combination (if the Issuance is approved), each existing share of our Common Stock will represent a smaller ownership percentage of a larger company after the Combination.

Q: Why does the Board recommend I vote FOR Proposal 2?

A: In developing its recommendation to the shareholders to vote in favor of the Issuance, the Board considered many factors, including the positive and negative factors described in the section of this proxy statement entitled Proposal 2 Approval of the Issuance Vote Required and Recommendation of The Board and concluded that the Issuance is advisable and in the best interests of the Company. The Board believes that the Company s financial position, capital structure and business will be strengthened as a result of the Combination and the Issuance. After careful consideration, the Board unanimously recommends that the Company s shareholders vote FOR Proposal 2.

Other

Q: Are the Company shareholders entitled to dissenter s rights?

A: Company shareholders are not entitled to dissenter s rights for their shares under Pennsylvania law in connection with the Combination.

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Q: What happens if I sell my Common Stock after the Record Date but before the Meeting?

A: If you transfer your Common Stock after the Record Date but before the date of the Meeting, you will retain your right to vote at the Meeting.

Q: Can I access the Notice of Special Meeting of Shareholders and proxy statement on the Internet?

A: The notice of special meeting of shareholders, proxy statement and proxy card are available on the Internet at www.proxyvote.com.

Q: How do I vote?

A: Shareholders of record can vote in person at the Meeting or by proxy. There are three ways to vote by proxy:

- by telephone you can vote by telephone by calling the toll-free number listed on the proxy card;
- by Internet you can vote over the Internet at www.proxyvote.com and follow the instructions provided; or
- By mail you can vote by mail by marking, signing, dating and mailing the proxy card in the envelope provided.

Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day, 7 days a week and will close at 11:59 p.m. Eastern Time, on September 6, 2017.

If you properly complete, sign and return a proxy card, your shares will be voted as you specify. However, if you sign and return a proxy card but do not specify a vote with respect to the proposal, your shares will be voted as the Board recommends with respect to the proposal and in the proxy s discretion with respect to any other matter that may be properly considered at the Meeting.

If you are a beneficial owner (that is, your shares are held in street name by a bank, broker or other nominee or intermediary, which we collectively refer to as brokers), you will receive voting instructions from the holder of record. You must follow the instruction of the holder of record in order for your shares to be voted. If your shares are not registered in your own name and you plan to vote your shares in person at the Meeting, you should contact your broker or agent to obtain a legal proxy or broker s proxy card and bring it to the Meeting in order to vote.

Q: Can I change my vote after I submit my proxy?

You may revoke your proxy and change your vote:

- by submitting a duly executed proxy bearing a later date; or

- if you are a registered shareholder, by giving written or electronic notice of such revocation to the Corporate Secretary of the Company before or at the Meeting, and electing to vote while attending the Meeting.

Your most recent proxy card or telephone or Internet proxy is the one that is counted, unless revoked. Your attendance at the Meeting itself will not revoke your proxy unless you give written or electronic notice of revocation to the Corporate Secretary before your proxy is voted.

If you hold your shares in street name (that is, through a broker or other nominee), you may revoke a previous vote only by following the procedures established by the broker or other nominee.

You may provide written notice to our Secretary at Quaker Chemical Corporation, Attention: Corporate Secretary, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, or give electronic notice to Mr. Robert T. Traub, Vice President, General Counsel and Corporate Secretary, at traubr@quakerchem.com.

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Q: Who will count the votes?

A: The Judge of Election appointed at the Meeting, who will be a representative of Broadridge Financial Solutions, Inc., will serve as the inspector of election and tabulate and certify the votes.

Q: What is a quorum ?

A: A quorum is a majority of the votes entitled to be cast on a particular matter, which may be present in person at the Meeting or represented by proxy. The presence of a majority of the votes entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business at the Meeting. Your shares will be counted for purposes of determining a quorum if you attend the Meeting and vote in person or if you vote by telephone, by Internet or by submitting a properly executed proxy card by mail. Abstentions and broker non-votes will be counted for determining whether a quorum is present for the Meeting.

Q: What vote is required for approval of each proposal?

A: Each of the three proposals requires the same vote to be approved. You may vote in favor of the proposal, against the proposal or abstain from voting on the proposal. Approval of the proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal (provided that a quorum is present at the Meeting). Abstentions, failures to vote and broker non-votes, if any, are not considered votes cast and will therefore have no effect on the outcome of the vote on this proposal.

Q: Will any other business be conducted at the Meeting?

A: According to our bylaws, the only business that may be considered at a special meeting is that which is contained in the notice of such meeting. Therefore, only Proposals 1 and 2, and, if necessary, Proposal 3, will be considered at the Meeting and no other business will be presented for consideration. Quaker shareholders are urged to complete, sign, date and return the accompanying proxy card in the enclosed envelope.

We will publish preliminary results, or final results if available, in a Current Report on Form 8-K within four business days of the Meeting. If final results are unavailable at the time we file the Form 8-K, then we will file an amended report on Form 8-K to disclose the final voting results within four business days after the final voting results are known.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered, with respect to those shares, a shareholder of record. In this case, this proxy statement, the notice of special meeting and the proxy card have been sent directly to you by us.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. As a result, this proxy statement, the notice of special meeting and the proxy card have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet.

Q: If my shares of Common Stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: Other than with respect to certain routine matters, brokers holding shares of our Common Stock for beneficial owners must vote those shares according to the specific instructions they receive from the

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beneficial owners, unless the brokers have been given discretionary voting power by the beneficial owners. In certain circumstances, brokers holding shares for a beneficial owner may not have discretionary voting power and may not have received voting instructions from the beneficial owner of the shares for a particular proposal. In such cases, a broker may not vote on any proposal for which the broker does not have voting power or instructions, which is known as a broker non-vote. Broker non-votes will be counted for purposes of determining whether a quorum is present at the Meeting, but are not counted as votes cast.

The proposal for the approval of the Charter Amendment, the proposal for the approval of the Issuance and the proposal for the approval of the Adjournment are not routine matters. Accordingly, if you do not provide voting instructions to your broker with respect to these proposals, your broker may not exercise discretion and is prohibited from giving a proxy to vote your shares with respect to such proposals. Broker non-votes will have no effect on the proposal for the approval of the Issuance, the proposal for the approval of the Charter Amendment and the proposal for the approval of the Adjournment.

You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you give instructions on how to vote to your broker, you may later revoke the instructions by taking the steps described in the information that you receive from your broker.

Q: Where can I obtain access to these proxy materials?

A: A copy of this proxy statement, proxy card and Notice will be mailed to each shareholder of the Company entitled to vote at the Meeting. The Notice contains instructions on how to access this proxy statement and our other proxy materials online and how to vote your shares.

Q: Who can help answer my questions, and where can I get additional information about matters described in this proxy statement and additional information about the Company?

A: If you have questions about the matters described in this proxy statement, or how to submit your proxy, or if you need additional copies of the Proxy Statement or the enclosed proxy card or voting instructions, you should contact Victoria Gehris, Assistant Corporate Secretary, at Quaker Chemical Corporation, Shareholder Services, One Quaker Park, 901 E. Hector Street, Conshohocken, PA 19328 or by calling toll-free at 1-800-523-7010, ext. 4246. If you would like additional information about the Company, please refer to our annual, quarterly and current reports, proxy statements and other information on file with the SEC and available at www.sec.gov.

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IMPORTANT NOTE

No person is authorized to make any representation with respect to the matters described in this proxy statement other than those contained, or incorporated by reference, in this proxy statement and, if given or made, such representation must not be relied upon as having been authorized by us or any other person or entity. This proxy statement, and the information incorporated herein, provides you with detailed information about the proposals to be considered and voted upon at the Meeting. The information in this proxy statement is current as of the date of this proxy statement. Shareholders are urged to carefully review this proxy statement, which discusses each of the proposals to be voted upon at the Meeting, and the information incorporated herein.

This proxy statement does not constitute the solicitation of a proxy from any person in any jurisdiction where it is unlawful to make such proxy solicitation. The delivery of this proxy statement shall not, under any circumstances, imply that there has not been any change in the information set forth herein since the date of this proxy statement.

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FORWARD-LOOKING STATEMENTS

Certain information included in this proxy statement and other materials filed or to be filed by us with the SEC (as well as information included in oral statements or other written statements made or to be made by us) contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including but not limited to:

- statements relating to the Charter Amendment and the Combination, and the potential benefits of the Combination;
- our current and future results and plans; and
- statements that include the words may, could, should, would, believe, expect, anticipate, estima plan or similar expressions.

These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. A major risk is that demand for the Company s and Houghton s products and services is largely derived from the demand for their customers products, which subjects the Company and Houghton to uncertainties related to downturns in a customer s business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, customer financial stability, worldwide economic and political conditions, foreign currency fluctuations, significant changes in applicable tax rates and regulations, future terrorist attacks and other acts of violence.

Other factors, including those related to the Combination and the Issuance, could also adversely affect us including, but not limited to:

- the risk that the Company s shareholders may not approve the Issuance;
- the potential for regulatory authorities to require divestitures in connection with the Combination, which would result in a smaller than anticipated combined business or, if divestitures in excess of a certain level are required, could cause the Share Purchase Agreement to be terminated;
- the risk that a required regulatory approval will not be obtained, is significantly delayed, or is subject to conditions that are not anticipated or acceptable to us;
- the risk that a closing condition to the Combination may not be satisfied in a timely manner;

risks associated with our ability to finance the Combination on acceptable terms, or at all;

the occurrence of any event, change or other circumstance that could give rise to the termination of the Share Purchase Agreement;

potential adverse effects on the Company s or Houghton s business, properties or operations caused by the implementation of the Combination;

the Company s ability to promptly, efficiently and effectively integrate Houghton s operations with those of the Company;

risks related to disruption of management time from ongoing business operations due to the Combination; and

the outcome of any legal proceedings that may be instituted against the companies following announcement of the Share Purchase Agreement and transactions contemplated therein.

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Such statements include information relating to current and future business activities, operational matters, capital spending, and financing sources. From time to time, forward-looking statements are also included in Quaker s periodic reports on Forms 10-K, 10-Q and 8-K, press releases, and other materials released to, or statements made to, the public.

Although we believe that these forward-looking statements are based on reasonable assumptions, they are subject to uncertainties and factors related to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results, the ability to generate sales, income or cash flow, to realize cost savings or other benefits associated with the Combination involve risks, uncertainties and assumptions. Any or all of the forward-looking statements in this proxy statement, the documents incorporated by reference herein and other materials filed or to be filed by Quaker with the SEC (as well as information included in oral statements or other written statements made or to be made by us) may turn out to be wrong. This can occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in Quaker s subsequent reports on Forms 10-K, 10-Q, 8-K and other related filings should be consulted. Our forward-looking statements are subject to risks, uncertainties and assumptions about us and our operations that are subject to change based on various important factors, some of which are beyond our control. A major risk is that the demand for the Company s products and services is largely derived from the demand for its customers products, which subjects the Company to uncertainties related to downturns in a customer s business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, customer financial stability, worldwide economic and political conditions, foreign currency fluctuations, significant changes in applicable tax rates and regulations, future terrorist attacks and other acts of violence, each of which is discussed in greater detail in Item 1A of our Annual Report on Form 10-K. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance, and durable goods manufacturers. These risks, uncertainties, and possible inaccurate assumptions relevant to our business could cause our actual results to differ materially from expected and historical results. Other factors beyond those discussed in this Report could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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RISK FACTORS

In addition to the other information included and incorporated by reference into this proxy statement, including the matters addressed in the section titled Forward-Looking Statements, you should carefully consider the following risks before deciding how to vote on the proposals presented in this proxy statement. In addition, you should read and carefully consider the risks associated with our business. These risks can be found in our Annual Report on Form 10-K for the year ended December 31, 2016, which is filed with the SEC and incorporated by reference into this proxy statement. For further information regarding the documents incorporated into this proxy statement by reference, please see the sections titled Where You Can Find More Information and Incorporation by Reference. Realization of any of the risks described below, any of the events described under Forward-Looking Statements or any of the risks or events described in the documents incorporated by reference could have a material adverse effect on our business, financial condition, cash flows and results of operations, or that of Houghton, and could result in a decline in the trading price of our Common Stock.

The Issuance will have a dilutive effect on the Company s Common Stock, which may adversely affect the market price of the Company s Common Stock.

When the Combination is completed, if the Charter Amendment described in Proposal 1 is approved at the Meeting, there will be approximately 4,319,023 additional shares of Common Stock outstanding (assuming no stock issuances or repurchases between the Record Date and the Closing), comprising 24.5% of the Common Stock outstanding immediately after the Closing Date, which based on the closing stock price of shares of our Common Stock on the New York Stock Exchange on the Record Date, had a value of approximately $626,344,715. There can be no assurance as to what the value of the Consideration Shares will be at the Closing. If the proposed Charter Amendment, as described in this proxy statement, is not approved by the Company s shareholders at the Meeting, the Company will instead issue, as the Consideration Shares, Preferred Stock having in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other rights equivalent to the Common Stock. The issuance of the Consideration Shares will have a dilutive effect on the holdings of existing shareholders.

The Combination will result in integration and consolidation risks, and we may be unable to profitably operate our consolidated company.

We are entering into the Combination as part of our strategy to expand our businesses into new markets and geographies and to achieve certain cost synergies. In order to realize the intended benefits of the Combination, we will need to successfully integrate the operations of Houghton with our current operations. Our ability to successfully achieve this is subject to integration and consolidation risks, including:

- diversion of management time and focus from operating our business to address challenges that may arise in integrating Houghton;
- transition of operations and customers of Houghton to the combined business;
- failure to realize anticipated operational or financial synergies;

implementation or remediation of controls, procedures, and policies at Houghton;

the need to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;

possible liabilities for activities of Houghton before the acquisition, such as possible violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities that may not be sufficiently protected against in the Share Purchase Agreement; and

integration of Houghton s accounting, human resource and other administrative systems, and coordination of trading and sales and marketing functions.

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Our failure to address these risks or other problems encountered in connection with the Combination could cause us to fail to realize the anticipated benefits of the Combination or incur unanticipated liabilities, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, because Houghton is a private company, certain procedures, including with respect to accounting and internal controls, may need to be updated or revised to meet the requirements to which the Company is subject as a public company, both under applicable securities laws and the rules of the New York Stock Exchange.

The market price of the Common Stock may decline as a result of the Issuance.

We are unable to predict the potential effects of the Combination or the Issuance on the trading activity and market price of our Common Stock. We intend to register the Consideration Shares issued to the individual Sellers (not including Gulf) within 30 days of the Closing, and the Shares being issued to Gulf may be registered for sale as soon as six months after the Closing. These registrations would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our Common Stock available for public trading. Sales of a substantial number of shares of our Common Stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our Common Stock.

We may fail to complete the Combination if certain required conditions, many of which are outside of our control, are not satisfied.

Completion of the Combination is subject to various customary closing conditions, including Quaker shareholder approval of the share issuance proposal, the absence of legal orders prohibiting the consummation of the Combination, the absence of conditions or circumstances constituting a material adverse effect with respect to Houghton or Quaker, the accuracy of the representations and warranties of the parties, and the parties performance and compliance in all material respects with the agreements and covenants contained in the Share Purchase Agreement. In addition, the Company, or Gulf in certain circumstances, may choose not to go forward with the Combination if triggering divestitures representing more than $80 million of pro forma combined 2016 net sales are required in connection with obtaining regulatory approval. There can be no assurance that such divestitures will not be required, in which event the Combination may not close.

Despite our efforts, we may not be able to satisfy or timely obtain the various closing conditions, and such failure or delay in completing the Combination may cause uncertainty or other negative consequences that may materially and adversely affect our performance, financial condition, results of operations, share price and the perceived value of the Combination.

If the Combination is not completed, the price of the Company s Common Stock could decline and our future business and operations could be harmed.

The completion of the Combination is subject to conditions, many of which are beyond the control of the parties. If the Combination is not completed for any reason, the Company may be subject to a number of material risks, including the following:

- The Company will be required to reimburse Houghton and the Sellers for their documented out-of-pocket Combination-related expenses, up to $10 million, if the Sellers terminate the Share Purchase Agreement due to the Company s failure to obtain our shareholders approval of the Issuance;

The price of our Common Stock may decline;

The Company may be subject to litigation related to the failure to complete the Combination which could require substantial time and resources to resolve;

Costs related to the Combination, such as financial advisory, legal, accounting, proxy solicitation and printing fees, must be paid even if the Combination is not completed;

Matters relating to the Combination (including the negotiation of terms and integration planning) required a substantial commitment of time and resources by the Company management, which could otherwise have been devoted to other opportunities that may have been beneficial to the Company; and

The Company would not be able to realize the expected benefits of the Combination.

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Failure to retain key employees could diminish the benefits of the Combination and concurrent financing transactions.

The successful combination with Houghton will depend in part on the retention of key personnel at Houghton as well as Quaker, including senior management. There can be no assurances that the Company will be able to retain needed key personnel. In addition, no assurance can be given that after the Combination, Quaker will be able to attract or retain key management personnel and other key employees to the same extent that Quaker and Houghton have been previously able to attract or retain their own employees.

The percentage of outstanding shares of Quaker Common Stock to be issued in connection with the Combination is not adjustable based on the market price of Quaker s Common Stock and, as a result, the Combination consideration at Closing may have a greater or lesser implied value than at the time the Share Purchase Agreement was signed.

The parties to the Share Purchase Agreement determined the percentage of outstanding shares of Quaker Common Stock to be issued to Sellers in connection with the Combination. This percentage is not adjustable based on changes in the market price of Quaker s Common Stock. Changes to the market price of Quaker Common Stock will not affect the number of shares that Sellers will be entitled to receive pursuant to the Share Purchase Agreement. Therefore, if the market price of Quaker Common Stock declines from the market price as of the date the Share Purchase Agreement was signed and before the Combination is consummated, Sellers would receive consideration with less implied value. Conversely, if the market price of Quaker Common Stock increases from the market price as of the date the Share Purchase Agreement was signed and before the Combination is consummated, Sellers would receive consideration with more implied value. Since the percentage of outstanding shares of Quaker Common Stock to be issued in the Combination is not adjusted based on changes in Quaker Common Stock price, rises or declines in the market value of Quaker s Common Stock will result in a corresponding rise or decline in the value of the equity consideration issued to the Sellers.

The Company will incur significant transaction costs in connection with the Combination.

The Company has incurred, and expects to continue to incur, a number of one-time costs associated with the Combination. These one-time transaction costs include or will include, but are not limited to, fees paid to financial advisors, legal, financial, tax and accounting advisors, filing fees and printing and integration costs. The Company may also incur additional unanticipated costs. These fees and costs have been, and will continue to be, substantial. Although the Company expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the Combination, should allow the Company to offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term, or at all.

The Company may not be able to secure financing for the Combination on acceptable terms.

Although the Company has entered into the Commitment Letter to finance the cash component of the purchase price, as well as the current outstanding debt of both the Company and Houghton, the commitment to provide the Financing is subject to certain terms and conditions, including the negotiation of definitive documentation and other customary closing conditions consistent with the Share Purchase Agreement and Commitment Letter. We may not be able to negotiate such definitive documents on terms favorable to us, or at all. If we are unable to obtain sufficient financing for the Combination and are unable to close the Combination, we could be in breach of our obligations under the Share Purchase Agreement, which could expose us to significant damage claims by the Sellers.

If the Charter Amendment is adopted, the Company will be more susceptible to the influence of short-term holders.

If the Charter Amendment is adopted, the Company will be more susceptible to the influence of short-term holders, which may not coincide with the long-term goals of the Company or long-term holders. This could leave the Company more vulnerable to a potential take-over attempt, or other strategic actions designed to maximize share value in the short term at the expense of long-term interests.

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The issuance of the Consideration Shares to Gulf in the Combination will provide it with an almost 24.5% ownership interest in the Company, and Gulf will also have the contractual ability to nominate certain directors of the Company as described in more detail elsewhere in this proxy statement, which may enable Gulf to influence the direction of our business, or could prevent our other shareholders from determining significant corporate decisions without Gulf participation.

As a result of the Issuance, Gulf will become our largest shareholder and will have substantial influence over matters submitted to a vote of our shareholders, including the election of directors, amendment of our organizational documents, acquisitions or other business combinations involving the Company, and potentially the ability to prevent extraordinary transactions such as a takeover attempt or business combination. The concentration of ownership of our shares held by Gulf may make some future actions more difficult without its support. Gulf will, however, be bound by the Shareholders Agreement included as Annex E to this proxy statement, which among other provisions requires that for so long as any of Gulf s designees are on the Quaker Board, and for six months thereafter, Gulf would vote all Quaker shares consistent with the recommendations of the Quaker Board for each director nominee as reflected in each proxy statement of the Company, including in support of any Quaker directors nominated for election or re-election to the Quaker Board (except as would conflict with Gulf s rights to designees on the Board) and Gulf would not, without obtaining the prior written consent of the Quaker Board, vote with, tender into or publicly support any hostile takeover activity or tender offer targeting Quaker and not supported by a majority of the Quaker Board or Quaker s independent directors. In addition, for two years following the Closing, Gulf is restricted from acquiring additional shares of Quaker Common Stock, subject to certain exceptions. Notwithstanding this, the interests of Gulf may conflict with our interests or the interests of our other shareholders, though we are not aware of any such existing conflicts of interest at this time.

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THE QUAKER SPECIAL MEETING

Date, Time and Place of Quaker Special Meeting

The Quaker Special Meeting of Shareholders (the **Meeting**) to be held at our headquarters, located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, at 8:30 A.M., local time, on September 7, 2017.

Record Date; Outstanding Shares; Voting Rights

Holders of record of shares of our common stock, $1.00 par value per share (the **Common Stock**), as of the close of business on June 15, 2017 (the **Record Date**), are entitled to receive notice of and vote at the Meeting and any adjournment or postponement thereof. As of the Record Date, there were 13,309,643 shares of Common Stock issued and outstanding. Every holder of Common Stock is entitled either to one vote or ten votes for each share held of record on the Record Date, based on how long such shares have been owned by the holder.

Purpose of the Quaker Special Meeting

The Special meeting is being called in connection with the proposed purchase (the **Combination**) of all of the outstanding share capital (the **Shares**) of Global Houghton Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Houghton**), from Gulf Houghton Lubricants, Ltd., an exempted company incorporated under the laws of the Cayman Islands (**Gulf**), and certain current and former members of the management of Houghton (collectively with Gulf, the **Sellers**) pursuant to a Share Purchase Agreement (the **Share Purchase Agreement**), dated as of April 4, 2017, by and among the Company, the Sellers, Houghton and Gulf as representative for the Sellers (in this capacity, the **Sellers Representative**) and as described in this proxy statement.

At the Meeting, shareholders will be asked to consider and vote on proposals to:

(1) Approve an amendment (the **Charter Amendment**) of our Articles of Incorporation, as amended (our **Articles of Incorporation**), to be effective as of the Closing and that provides that every holder of Common Stock will be entitled to one vote for each common share standing in its name on the books of the Company;

(2) Approve the issuance (the **Issuance**) of a number of shares (the **Consideration Shares**) of equity securities that will have 24.5% of the voting rights applicable to the Company s outstanding voting securities immediately after the closing (the **Closing**) of the Combination (as defined in the proxy statement), and economic and other rights equivalent to the Company s Common Stock as described in the proxy statement; and

(3) Approve the adjournment of the Meeting, if necessary to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals at the time of the Meeting (the **Adjournment Proposal**).

The Board does not know of any matters other than proposals (1), (2) and (3) listed above to be brought before the Meeting, and does not believe that any other matters are permitted to be raised at the Meeting. If, however, any other matters do properly come before the Meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters. Any shareholder who has submitted a proxy may revoke it at any time before it is voted, by (i) written notice addressed to and received by our Secretary, (ii) by submitting a duly executed proxy bearing a later date, (iii) granting a subsequent proxy through the Internet or telephone, or (iv) by electing to revoke your prior proxy and vote at the Meeting. Attendance at the Meeting, by itself, will not constitute revocation of a proxy. Your most recent proxy card or telephone or Internet proxy is the one that is counted, unless revoked.

How the Proxies will be Voted

If proxies are properly submitted via the Internet, by telephone or by signing, dating and returning the proxy card by mail in the envelope provided, the shares of Common Stock represented thereby will be voted in the manner specified therein. If not otherwise specified, and the proxy card is signed, the shares of Common Stock represented by the proxies will be voted FOR the Charter Amendment, FOR the Issuance, and For the Adjournment Proposal.

Auditors

We anticipate that representatives of PricewaterhouseCoopers LLP, our independent registered public accounting firm, will be present at the Meeting and, if present, we will give them the opportunity to make a statement if they desire to do so. We also anticipate that the representatives will be available to respond to appropriate questions from shareholders.

QUORUM AND VOTES REQUIRED FOR APPROVAL

A quorum is necessary for us to conduct the business of the Meeting. This means that holders entitled to cast at least a majority of the votes that all holders are entitled to cast on a particular matter to be acted upon must be present at the Meeting, in person or by proxy. Your shares are counted as present at the Meeting if you attend the Meeting and vote in person or if you properly complete and return a proxy card.

The following table summarizes the vote required for approval of each proposal and the effect on the outcome of the vote of abstentions, uninstructed shares held by brokers (which result in broker non-votes when a beneficial owner of shares held in street name does not provide voting instructions and, as a result, under the NYSE rules, the institution that holds the shares may not vote those shares on certain proposals) and signed but unmarked proxy cards.

Our voting structure has historically been generally designed to favor the interests of the long-term holders. To that end, you will be entitled to cast either one vote or ten votes for each share of Common Stock you held on June 15, 2017, the Record Date for the meeting, depending upon how long you had held the shares as of the Record Date. As more specifically provided in Article 5 of Quaker s Articles of Incorporation:

Each share that, as of the Record Date, you had beneficially owned since June 15, 2014, will entitle you to ten votes.

Each share you acquired after June 15, 2014 will entitle you to one vote, with some exceptions. These exceptions are explained in Annex A to this proxy statement.

Based on long-standing practice, we presume that shares you hold in street or nominee name, or that are held for your account by a broker, clearing agency, voting trustee, bank, trust company, or other nominee, were acquired by you after June 15, 2014 and, accordingly, entitle you to one vote for each of these shares. You may, however, rebut this one-vote presumption by completing and executing the affidavit appearing on the voting instruction form. The Company and the Board of Directors reserve the right to require evidence to support the affidavit.

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

Proposal	Votes Required for Approval	Effect of Abstentions (1)	Uninstructed Shares/ Effect of Broker Non-	Signed but Unmarked Proxy Cards (2)

				votes (1)		
Proposal 1	Approval of the Charter Amendment	Majority of votes cast (3)	No effect (4)	Not voted/No effect (4)	Voted	For
Proposal 2	Issuance	Majority of votes cast (3)	No effect (4)	Not voted/No effect (4)	Voted	For
Proposal 3	Approval of the Adjournment Proposal	Majority of votes cast (3)	No effect (4)	Not voted/No effect (4)	Voted	For

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(1) Abstentions and broker non-votes are included in determining whether a quorum is present.
(2) If you complete your proxy card properly, but do not provide instructions on your proxy card as to how to vote your shares, your shares will be voted as shown in this column and in accordance with the judgment of the individuals named as proxies on the proxy card as to any other matter properly brought before the Meeting.
(3) This standard for approval requires that the number of votes cast for the proposal exceed the number of votes cast against the proposal.
(4) Under Section 1103 of the Pennsylvania Business Corporation Law of 1988, as amended (Section 1103), abstentions and broker non-votes are not counted as votes cast.

Shares not present at the Meeting, shares voting abstain and broker non-votes will have no effect on the voting with respect to the Charter Amendment, the approval of the Issuance or the Adjournment Proposal, because they are not considered votes cast under Pennsylvania law.

Adjournment or Postponement

If there is no quorum, the chairman of the Meeting may adjourn the Meeting to another place, date, or time. Even if a quorum is present, the Meeting could be adjourned in order to permit further solicitation of proxies in favor of the Charter Amendment and Issuance proposals if sufficient votes are cast in favor of the Adjournment Proposal. If the adjournment is for more than 30 days or if after the adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting must be given to each shareholder of record entitled to vote at the Meeting.

Voting Procedures

There are several methods a shareholder can use to cast his or her vote.

If the shareholder is a shareholder of record, he or she can vote: (1) in person, by attending the Meeting; (2) via the Internet, by visiting www.proxyvote.com and following the instructions provided; (3) by telephone, using the toll-free number listed on the proxy card; or (4) by mail, by marking, signing and dating the proxy card and returning it in the postage-paid envelope provided.

If the shareholder holds shares in street name, he or she can vote: (1) in person, by first obtaining a voting instruction form issued in his or her name from his or her broker and bringing that voting instruction form to the Meeting, together with a copy of a brokerage statement reflecting stock ownership as of the Record Date, the stock acquisition date and valid identification; (2) via the Internet, by visiting www.proxyvote.com and following the instructions provided; (3) by telephone, only if he or she agrees with the voting rights provided on his or her voting instruction form, by using the toll-free number found on the voting instruction form; or (4) by mail, by marking, signing and dating the voting instruction form and returning it in the postage-paid envelope provided by his or her broker.

Cost of Soliciting Proxies

We will pay the expenses of soliciting proxies in the form included with this proxy statement, including the cost of preparing, assembling and mailing material in connection with the solicitation. Quaker has retained Alliance Advisors to aid in the solicitation of proxies. It is estimated that the cost of their services will be approximately $10,000 plus expenses. In addition to the use of the mail, our directors, executive officers and employees of Quaker (without additional compensation) and employees of Alliance Advisors may solicit proxies by telephone, facsimile, electronic mail and personal contact. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to any beneficial holder of Quaker Common Stock.

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Information about These Proxy Materials

Why you received these proxy materials. You have received these proxy materials because our Board is soliciting your proxy to vote your shares at the Meeting. This proxy statement includes information that we are required to provide to you under the rules of the U.S. Securities and Exchange Commission (the **SEC**) and that is designed to assist you in deciding how to vote your shares. If you own our Common Stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one notice relating to these proxy materials. To assist us in saving money and to serve you more efficiently, we encourage you to have all of your accounts registered in the same name and address by contacting our transfer agent:

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

Phone: 1-800-937-5449

Householding. The SEC permits companies and intermediaries (such as brokers and banks) to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivery of a single proxy statement and annual report to those shareholders. This process, which is commonly referred to as householding, is intended to reduce the volume of duplicate information shareholders receive and also reduce expenses for companies. Quaker has instituted householding for its registered shareholders; some intermediaries may also be householding Quaker s proxy materials and annual report. Once you have received notice from the Company, your broker or another intermediary that they will be householding materials to your address, householding will continue until you are notified otherwise or until you or another shareholder who shares your address provides contrary instructions.

If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, you should contact Victoria K. Gehris, Assistant Secretary, toll free at 1-800-523-7010, ext. 4246, or inform her in writing at Quaker Chemical Corporation, Shareholder Services, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428. If you hold shares through an intermediary and no longer wish to participate in householding, you should contact your bank, broker or other nominee record holder.

Shareholders who share an address and are receiving multiple copies of annual reports or proxy statements but would like to receive a single copy can contact Victoria K. Gehris at the toll-free number noted above.

We undertake to deliver promptly to any shareholder at a shared address, upon written or oral request, a copy of Quaker s proxy statement and annual report. You may request these documents by calling the toll-free number or writing to the address noted above.

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PROPOSALS

PROPOSAL 1 APPROVAL OF CHARTER AMENDMENT TO ELIMINATE TEN-VOTE VOTING RIGHTS OF LONG-TERM QUAKER SHAREHOLDERS

The Quaker Articles of Incorporation currently include a time-phased voting system that grants special ten-vote voting rights to shareholders who have beneficially owned their Quaker Common Stock continuously either (i) since May 7, 1987 or (ii) for a period of at least 36 consecutive calendar months (dating from the first day of the first full calendar month on or after the date the holder acquires beneficial ownership of such shares) before the record date for a shareholder vote. For the reasons discussed below, our Board of Directors unanimously recommends eliminating the special ten-vote voting rights of these long-term shareholders.

Background

Quaker s shareholders approved the time-phased voting system set forth in Quaker s Articles of Incorporation in 1987. The time-phase voting system was designed to assist the Board of Directors and management in implementing long-term growth strategies by ensuring that investors sharing Quaker s commitment to long-term performance, as evidenced by their continuing stock ownership, would exert greater influence over Quaker s affairs. This strategy was designed to protect shareholders from the adverse effect of speculative investors with short-term goals that potentially could impair management s ability to focus on long-term business goals and strategies. In addition, Quaker believed the time-phase voting system, in combination with other defensive measures, would discourage any unsolicited effort to obtain voting control without first providing the Board of Directors an opportunity to evaluate whether such change in control would be in the best interests of all shareholders.

In connection with the Combination, Quaker has proposed to amend its Articles of Incorporation to eliminate these enhanced voting rights. On April 4, 2017, the Board of Directors voted unanimously to recommend that the Quaker shareholders adopt the Charter Amendment described further below, which is referred to as the Charter Amendment. The approval of the Charter Amendment is not a condition to the Closing. The Charter Amendment, if approved by our shareholders at the Meeting, is expected to be filed with the Secretary of State of the Commonwealth of Pennsylvania shortly after the Meeting, and to become effective whether or not the Combination is consummated.

The description of the Charter Amendment below is qualified in its entirety by reference to Annex C, which sets forth the full text of the proposed amendment.

Current Voting Provisions

Article 5, subparagraph (b) of our Articles of Incorporation currently entitles persons who have beneficially owned shares of Quaker Common Stock continuously (i) since May 7, 1987 or (ii) for a period of at least 36 consecutive calendar months before the record date for a shareholder vote, to ten votes per share. All other shares of Quaker Common Stock entitle the holders to one vote per share.

Our Articles of Incorporation specify certain transfers and events that are deemed to not interrupt continuous beneficial ownership of a share of Quaker Common Stock. Under the Articles of Incorporation, Quaker is responsible for making all determinations concerning changes in beneficial ownership of its shares, or the absence of any such change. Quaker maintains written procedures designed to facilitate these determinations.

Currently under the Articles of Incorporation, each share of Quaker Common Stock, whether the holder thereof is entitled to ten votes or one, is identical to all other shares of Quaker Common Stock in all other respects.

Description of the Proposed Charter Amendment

If the Charter Amendment is adopted by Quaker s shareholders at the Meeting, it will become effective reasonably promptly after the Meeting, upon filing articles of amendment with the Secretary of State of the

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Commonwealth of Pennsylvania. At such time as articles of amendment are filed, each share of Quaker Common Stock will automatically, without any action by the holders of these shares, become entitled to one vote per share, regardless of how long the shares have been held. Existing certificates for shares of Quaker Common Stock will continue after such time to represent shares of Quaker Common Stock having all of the same terms except as amended by the Charter Amendment.

As a result of the Charter Amendment, each holder of Quaker Common Stock would be entitled to one vote for each share of Quaker Common Stock held by such holder (regardless of the length of time such shares has been held) with respect to matters properly submitted to the shareholders for their vote, consent, waiver, release or other action. At the effective time of the Charter Amendment, shares of Quaker Common Stock will be identical in all respects and will continue to constitute a single class of stock. Holders of Quaker Common Stock currently are not, and following the Charter Amendment will not be, entitled to vote cumulatively for directors of Quaker.

Reasons for the Proposed Charter Amendment

Quaker agreed in the Share Purchase Agreement to submit the Charter Amendment to its shareholders. In considering this action, our Board of Directors focused principally on changes in the significance of and the need for the time-phased voting system since its adoption in 1987.

The Board believes that there is no longer a compelling reason not to align our voting structure with that of the majority of public companies and thereby potentially enhance corporate governance ratings of Quaker assigned by independent monitoring groups. These monitoring groups generally have disfavored enhanced voting rights for long term shareholders.

The Board also considered the effect that the Issuance would have on Gulf s voting power both before and after three years. As of the Record Date, 13,309,643 shares of Common Stock were outstanding. If the equity component of the consideration in the Combination were calculated based on this amount, Quaker would issue 4,319,023 shares of Common Stock to the Sellers (24.5% of the outstanding shares). Under the current provisions of our Articles of Incorporation, this would only give Gulf 18.9% of the shareholder vote at issuance, because of the approximately 579,484 shares that, according to our records, have been held for more than three years. Because the presumption is rebuttable that shares held in street name have been held for less than three years, that percentage could go down, perhaps substantially, if street name holders rebut this presumption. This disparity between economic and voting rights is not consistent with our agreement with Gulf.

Moreover, at the end of three years after the Closing, the number of shares entitled to ten-votes per share may change substantially. Hypothetically, and solely by way of illustration, if Gulf retained all of the shares issued in the Combination and we issued (or repurchased) no other shares of Common Stock, under our current Articles of Incorporation, after three years Gulf would still have shares of Common Stock equal to 24.5% of the outstanding shares, but it would be entitled to 43,190,230 votes. Assuming the number of other long-term holders remains approximately the same, Gulf would then hold approximately 70.0% of the voting power of the Common Stock, which would allow it to elect all members of the Board and take other actions that are inconsistent with the parties intent in the Combination. Equally important, the holders of the remaining 75.5% of our outstanding Common Stock would have their aggregate voting power reduced to only 30.0% of the total voting power of the Common Stock. To avoid this result, the Company will only issue Common Stock as Consideration Shares if the Charter Amendment is adopted; otherwise, it will issue Preferred Shares that will have in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other powers equivalent to the Common Stock.

In connection with voting to recommend the adoption of the Charter Amendment, the Board also considered the following factors:

The Charter Amendment Will Fully Align Voting Power With Economic Ownership. Under our existing structure with differential voting rights, the economic interests of our shareholders may be different

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than their voting power. If the Charter Amendment is adopted, all holders of Quaker Common Stock will have voting power aligned to their economic ownership, and the disparity between voting power and economic ownership would be eliminated.

The Charter Amendment Reduces Confusion Over the Distribution of Voting Power. The Board believes that the elimination of special ten-vote voting rights will reduce confusion over the distribution of voting power among our shareholders. Currently, shareholders holding through banks or brokers are presumed to hold one-vote shares, but they may assert special ten-vote voting rights by following certain procedures. As a result, from time to time there has been confusion among Quaker shareholders regarding their voting power relative to other Quaker shareholders. In addition, because shareholders who hold shares in street name have until the date of the meeting to rebut the presumption that their shares have been held for less than three years, it is impossible to know in advance of the meeting exactly how many votes are eligible to be cast, creating confusion for both the Company and shareholders alike.

The Charter Amendment Reflects the Reduced Frequency of Time-Phase Voting Systems. The Board believes that the time-phased voting rights of long-term shareholders have become significantly less prevalent among U.S. public corporations than when this provision was adopted in 1987. Recent studies and surveys indicate that only a small percentage of surveyed U.S. public companies maintain time-phase voting structures. Further, the significance of this feature for existing shareholders will be necessarily reduced by the issuance of shares in connection with the Combination. As a result, our Board concluded that, following the Combination, there would no longer be a compelling reason not to align with the majority of public companies and thereby potentially enhance corporate governance ratings of Quaker assigned by independent monitoring groups.

The Amendment Eliminates Administrative Burdens on Quaker. The complexity of Quaker s time-phase voting structure requires Quaker to bear additional administrative costs and burdens that are currently necessary to determine precisely the voting power attributable to the high-vote shares. Each year, Quaker personnel must administer the time-phase voting system and oversee complex calculations to determine the total number of votes held by the long-term shareholders, right up to the date of any Shareholder Meeting. In addition, Quaker s transfer agent must implement and maintain cumbersome systems designed to monitor high-vote shares, which increase the costs of its services. Currently, Quaker no longer believes the benefits of its time-phase voting structure justify these administrative costs.

The Charter Amendment, if approved by our shareholders at the Meeting, is expected to be filed with the Secretary of State of the Commonwealth of Pennsylvania shortly after the Meeting, and to become effective whether or not the Combination is consummated.

Effects of the Charter Amendment

The following paragraphs describe the effects that the Charter Amendment will have on holders of Quaker Common Stock upon its effectiveness, which would occur upon the filing of articles of amendment with the Secretary of State of the Commonwealth of Pennsylvania in the manner described above. Holders of Quaker Common Stock should note that none of the effects of the Charter Amendment described below will apply to voting at the Meeting.

While the Board believes, for the reasons set forth above, that implementing the Charter Amendment in connection with completing the Combination is in the best interests of Quaker and its shareholders generally, there will be disadvantages to holders of Quaker Common Stock who are currently entitled to cast ten votes with respect to some or all of their Quaker Common Stock, and, possibly, to other holders of Quaker Common Stock.

At the time the Charter Amendment becomes effective, all holders Quaker Common Stock who are currently entitled to cast ten votes per share would experience immediate dilution of their relative voting power, which

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would reduce the ability of those holders to influence the outcome of matters submitted to a vote of shareholders, including future elections of members of the Board. In connection with the Company s most recent Annual Meeting, the Company determined that 742,665 shares were entitled to 10 votes per share and 12,548,115 shares were entitled to cast one vote for each share held as a matter of record. However, these 12,548,115 shares include all shares held in street name as the Company cannot independently track the holding period of such shares. The Company has a policy whereby holders in street name may rebut the presumption that such shares have been held less than three years, and, if ownership for more than three years can be established, such shares are entitled to 10 votes. As a result of the shareholders of record known to be entitled to 10 votes per share, and holders in street name who may establish their right to 10 votes, each other shareholder of Quaker currently has aggregate voting power slightly less than his or her economic interest in the shares of Common Stock held by him or her.

Because less voting control will be vested in long-term shareholders following the implementation of the Charter Amendment, Quaker may be more susceptible to a takeover bid, proxy contest or share accumulation than it otherwise might have been, although the Board believes that it has other mechanisms available to protect the interests of Quaker shareholders consistent with the fiduciary duties of directors under Pennsylvania law.

Because implementation of the Charter Amendment will result in all holders of Quaker Common Stock becoming entitled to one vote per share regardless of whether they are now entitled to any special ten-vote voting rights, the percentage of the total voting power of Quaker s outstanding stock held by each shareholder will change. Shareholders who have held shares of record and shareholders who hold shares in street name for less than 36 consecutive calendar months will, by virtue of the Charter Amendment and the consequent reduction in the total number of votes in the hands of long-term shareholders, realize a slight increase in the relative voting power that they are entitled to exercise with respect to those shares.

The Board does not expect that the liquidity or trading price of the Quaker Common Stock will be adversely affected solely as a result of the adoption of the Charter Amendment.

The Charter Amendment, if approved by our shareholders at the Meeting, is expected to be filed with the Secretary of State of the Commonwealth of Pennsylvania shortly after the Meeting, and to become effective whether or not the Combination is consummated.

New York Stock Exchange Listing

Quaker intends to submit a supplemental listing application in respect of the Quaker Common Stock issued in the transaction to the NYSE consistent with its obligations to register such shares under that Share Purchase Agreement.

U.S. Federal Income Tax Consequences

The change of the voting rights of Quaker Common Stock held continuously (i) since May 7, 1987 or (ii) for a period of at least 36 consecutive calendar months before the record date for a shareholder vote, pursuant to the Charter Amendment will not result in recognition of gain or loss for U.S. federal income tax purposes, the tax basis of the affected Quaker Common Stock will remain unchanged and, if the affected Quaker Common Stock is held as a capital asset at the time of the filing of the articles of amendment with the Secretary of State of the Commonwealth of Pennsylvania to effect the Charter Amendment, the holding period of the affected Quaker Common Stock will include the holding period before the Charter Amendment.

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Vote Required and Recommendation of the Board

The affirmative vote of a majority of votes cast by Quaker s shareholders at the Meeting is required for approval of this Proposal 1. Abstentions, failures to vote and broker non-votes, if any, will have no effect.

The Board of Directors unanimously recommends that you vote FOR approval of the proposal to amend our Articles of Incorporation to eliminate the ten-vote voting rights of long-term Quaker shareholders and provide that every holder of our Common Stock is entitled to one vote for each share of Common Stock standing in its name on our records, regardless of the period of time that such share has been held.

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PROPOSAL 2 APPROVAL OF THE ISSUANCE

The Companies

Quaker Chemical Corporation

Quaker develops, produces, and markets a broad range of formulated chemical specialty products and offers chemical management services (CMS) for various heavy industrial and manufacturing applications in a global portfolio throughout its four regions: the North America region, the Europe, Middle East and Africa (EMEA) region, the Asia/Pacific region and the South America region. The principal products and services in Quaker s global portfolio include: (i) rolling lubricants (used by manufacturers of steel in the hot and cold rolling of steel and by manufacturers of aluminum in the hot rolling of aluminum); (ii) machining and grinding compounds (used by metalworking customers in cutting, shaping, and grinding metal parts which require special treatment to enable them to tolerate the manufacturing process, achieve closer tolerance, and improve tool life); (iii) hydraulic fluids (used by steel, metalworking, and other customers to operate hydraulic equipment); (iv) corrosion preventives (used by steel and metalworking customers to protect metal during manufacture, storage, and shipment); (v) specialty greases (used in automotive production processes, the manufacturing of steel, and various other applications); (vi) metal finishing compounds (used to prepare metal surfaces for special treatments such as galvanizing and tin plating and to prepare metal for further processing); (vii) forming compounds (used to facilitate the drawing and extrusion of metal products); (viii) chemical milling maskants for the aerospace industry; (ix) temporary and permanent coatings for metal and concrete products; (x) construction products, such as flexible sealants and protective coatings, for various applications; (xi) bio-lubricants (that are mainly used in machinery in the forestry and construction industries); (xii) die casting lubricants; and (xiii) programs to provide CMS.

We are a Pennsylvania corporation. Our registered office and headquarters are located in Conshohocken, Pennsylvania at One Quaker Park, 901 E. Hector Street. Our phone number is (610) 832-4000.

Global Houghton Ltd.

Houghton is an exempted company incorporated under the laws of the Cayman Islands. Houghton is a leading global provider of specialty chemicals and technical services for metalworking and other industrial applications. Its primary products include metalworking fluids and specialty hydraulic fluids. Metalworking fluids are chemical formulations used for a variety of metal processing applications. Its specialty hydraulic fluids are designed to improve performance in critical hydraulic systems of industrial machinery, offshore drilling rigs and metal rolling applications. Houghton and its subsidiaries manufacture and market more than 6,000 specialty chemical formulations developed over its 150-year history. Its products are often customized for a customer s specific application and can provide cost savings and other benefits to a customer s manufacturing process, such as increasing machine throughput, extending tool life, reducing corrosion, bacterial growth and waste, and improving surface finishing. To complement its extensive product portfolio, Houghton and its subsidiaries also offer a broad range of value-added technical services to its customers. The scope of technical services provided depends on each customer s specific requirements and can range from basic product customization and on-site technical support to comprehensive chemical management.

The address of Houghton s principal executive offices is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town Grand Cayman KY1-1102 Cayman Islands and its phone number is (345) 949-0050.

Gulf Houghton Lubricants Ltd.

Gulf Houghton Lubricants Ltd. (Gulf and, together with certain current and former managers of Houghton party to the Share Purchase Agreement, Sellers) is an exempted company incorporated under the laws of the Cayman Islands. The address of Gulf s principal executive offices is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town Grand Cayman KY1-1102 Cayman Islands and its phone number is (345) 949-0050.

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Principal Terms of the Combination

The Combination and the Issuance

On April 4, 2017, the Company entered into the Share Purchase Agreement. Upon the terms and subject to the conditions set forth in the Share Purchase Agreement, the Company agreed to purchase all of the Shares of Houghton from the Sellers for an aggregate purchase price (subject to adjustment as provided in the Share Purchase Agreement) of: (1) $172,500,000 in cash; and (2) a number of shares (the **Consideration Shares**) of Common Stock comprising 24.5% of the Common Stock outstanding immediately after the Closing, which based on the closing stock price of shares of our Common Stock on the New York Stock Exchange on the Record Date, had a value of approximately $626,344,715. There can be no assurance as to what the market value will be of the shares to be issued to the Sellers at Closing. In addition, effective as of the Closing, the Company anticipates refinancing substantially all of Houghton s consolidated indebtedness, which as of March 31, 2017 was approximately $700 million in the aggregate, net of cash. If the proposed Charter Amendment, as described in this proxy statement, is not approved by the Company s shareholders at the Meeting, the Company will instead issue, as the Consideration Shares, the Preferred Stock having in the aggregate 24.5% of the voting rights applicable to the Company s outstanding voting securities and economic, and other rights equivalent to the Common Stock. A portion of the cash consideration and the Consideration Shares initially totaling in the aggregate $100,000,000 will at the Closing be placed in escrow to secure against breaches of the Sellers representations, warranties and covenants in the Share Purchase Agreement.

Closing of the Combination is subject to the approval by the shareholders of the Company of the Issuance (the **Company Shareholder Approval**) and the satisfaction at the Closing of other closing conditions, including certain regulatory approvals, as described below.

If the Company or Houghton is required, in order to obtain necessary regulatory approvals, to commit to any divestiture, license, hold separate, sale or other disposition of or with respect to the businesses, assets, properties or product lines of the Company, Houghton or any of their respective subsidiaries, representing in excess of $40 million of pro forma 2016 net sales of the Company and Houghton (which commitment we refer to as a **triggering divestiture**), the purchase price will, subject to certain limitations, be reduced. In addition, the Company, or Gulf in certain circumstances, may choose not to go forward with the Combination if triggering divestitures representing more than $80 million of pro forma combined 2016 net sales are required in connection with obtaining regulatory approval. There can be no assurance that all needed regulatory approvals will be obtained, or that a triggering divestiture will not occur, and accordingly there can be no assurance that the purchase price will not be adjusted, or that substantial divestitures will not be required, in which event the Combination may not close.

The Company and the Sellers have each made customary representations and warranties. Subject to certain exceptions, the parties liability under the Share Purchase Agreement is subject to certain caps and thresholds. In addition, the Company, Sellers and Houghton are subject to customary covenants between the date of the Share Purchase Agreement and the date of the Closing, including the obligation to operate Houghton in the ordinary course of business consistent with past practice.

Principal Reasons for the Combination

The Board of Directors (the **Board**) of the Company and the Company s management believe that the Combination, of which the Issuance is a part, is a compelling opportunity to meet the multiple objectives of the Company s operating strategies and should increase shareholder value. Combining the Company s and Houghton s product solutions and service offerings will allow the resulting company to better serve customers in the automotive, aerospace, heavy equipment, metals, mining, machinery, marine, offshore, and container industries. Both companies have a rich tradition of customer focused business and expect to retain this focus through the integration, which the Company expects will minimize difficulties in integration.

The business is expected to have one of the world s most expansive metalworking platforms comprised of specialty products that include removal fluids, forming fluids, protecting fluids, heat treating fluids, industrial lubricants and greases. The expanded portfolio and increased geographic footprint is expected to generate significant cross-selling opportunities and allow further expansion into growth markets that include India, Korea, Japan, and Mexico. By combining resources, the combined company is expected to increase the breadth of its innovative technology, accelerate its product development capabilities, speed its time to market, and diversify its long-term R&D pipeline.

In addition, the Company currently anticipates achieving cost synergies of approximately $45 million, the majority of which are expected to be realized within two years of Closing. These synergies are expected to be driven primarily by supply efficiencies and cost reductions, as scalable infrastructure drives operating margin improvements. Additional value creation is expected through the cross-selling opportunities and the ability to provide an expanded array of products and solutions for customers, as discussed above.

The Board also considered the historic financial performance and condition of Houghton, as well as certain projections for Houghton, in light of the Company s due diligence review of Houghton, as discussed in more detail below.

Background of the Combination

Our Board and management periodically review and evaluate potential strategic opportunities to enhance shareholder value.

Initial Discussions

As part of the Company s ongoing evaluation of potential investment and strategic opportunities, representatives of the Company and representatives of Houghton have had occasional communications over a period of many years regarding a potential combination. As part of these occasional discussions, the Company at times involved investment bankers, but these discussions did not lead to substantive negotiations. In 2012, Houghton was acquired by the Hinduja Group through its Gulf Oil business. Following this acquisition, Michael F. Barry, the Company s Chairman, CEO and President, and Sanjay Hinduja, the Chairman of Houghton, from time to time met and on occasion discussed the possibility of a combination of the two companies. In a meeting held June 26, 2015, between Mr. Barry and Mr. Hinduja, Mr. Hinduja told Mr. Barry that he would not insist that the Hinduja Group acquire a controlling stake in Quaker in connection with any proposed transaction. Mr. Barry discussed the possibility of a combination with the Quaker Board at its regular meeting held July 27, 2015, at which the Board authorized Mr. Barry to engage Mr. Hinduja in further discussions concerning a potential combination. Following this meeting, Mr. Barry telephoned Mr. Hinduja and suggested that the parties investment bankers begin to discuss how a combination might be structured. These discussions between the investment bankers occurred. On September 9, 2015, Mr. Barry and Mr. Hinduja held a meeting with their respective investment bankers, Deutsche Bank (Deutsche) and Royal Bank of Canada (RBC), to discuss a possible transaction, and the Company made a preliminary nonbinding verbal proposal regarding the combination of Houghton and the Company. Later that month, Houghton made a preliminary nonbinding verbal counter proposal at a meeting with Mr. Barry and Mr. Hinduja on September 29th. These discussions between Mr. Barry and Mr. Hinduja and their representatives, effectively commenced the current round of discussions, culminating in the signing of the Share Purchase Agreement on April 4, 2017.

Those initial discussions were followed by further discussions which lead to a revised nonbinding proposal made by the Company on October 7, 2015. Subsequently, Houghton agreed to provide preliminary high-level diligence materials to the Company. Accordingly, the Company entered into a mutual non-disclosure agreement with Houghton on December 16, 2015 and began to receive materials related to its due diligence investigation, which included a preliminary business and synergy analysis.

On January 18, 2016, Mr. Barry and Mr. Hinduja spoke to discuss the potential transaction, and the Company proposed terms for the acquisition of Houghton, including a $150 million cash payment and Quaker Common Stock equal to 25% of the outstanding shares, which was substantially in line with its October 2015 proposal. On February 5, 2016, Houghton provided a counter proposal reflecting a substantial difference in valuation of Houghton, including a $180 million cash payment and Quaker Common Stock equal to 26% of the outstanding shares. Houghton also conditioned the transaction on the elimination of the time-phased voting provisions in Quaker s Charter. Shortly thereafter, on February 13, 2016, Mr. Barry informed Mr. Hinduja that the Company was reaffirming the economics in its original nonbinding proposal. On February 24, 2016, the Board reviewed the Houghton counter proposal and the Company s response at the regular meeting of the Company s Board. Following this meeting, Deutsche sent a summary of the Company s nonbinding proposal to Houghton s investment bankers, RBC, which essentially re-affirmed its earlier position. Discussions on this proposal continued into May 2016, and on May 25, 2016, the parties believed that although some of the issues remained unresolved, they had reached sufficient agreement on potential structure to take further steps to explore the potential transaction. This structure, which was based upon, among other things, the earning performance of each company, their relative levels of indebtedness, and the Company s assumptions regarding potential synergies, included a proposed cash purchase price of $172.5 million plus Quaker Common Stock equal to 25% of the outstanding shares in exchange for all the outstanding shares of Houghton. The structure also contemplated Gulf s representation on Quaker s Board generally equivalent to the Sellers ownership of Quaker shares received in the transaction.

Initial Exploration of Legal and Regulatory Issues and Potential Synergies

Accordingly, in May 2016, the parties asked the Company s counsel, Drinker Biddle & Reath LLP (**Drinker**) and Houghton s counsel, Mayer Brown LLP (**Mayer**) to work together to consider any potential antitrust issues associated with a potential transaction. This review was initiated on a preliminary basis, but over the Summer and into the Fall of 2016 became more comprehensive as counsel evaluated potential areas of competitive overlap and exchanged relevant information on an outside counsel only basis.

As noted above, the negotiations between the Company and Houghton were based in part on the assumption that a combination of the parties would produce meaningful synergies. In particular, the discussions that culminated in the Company s proposal to acquire 100% of Houghton s equity for $172.5 million in cash and 25% of Quaker s outstanding Common Stock were based in part on the Company s assumption that the Combination could be expected to produce $45 million in synergies over the first two years. To validate these assumptions, in June and July 2016, after the proposed transaction consideration of $172.5 million in cash and 25% of Quaker s outstanding Common Stock had been tentatively agreed, the Company engaged two third-party advisors to analyze the potential synergies related to the proposed transaction. At the request of both the Company and Houghton, these advisors used a clean room protocol, which is not unusual in acquisition transactions involving competitive businesses. In a clean room process, sensitive information is reviewed by unrelated third parties that are subject to strict confidentiality obligations, which allows them to explore sensitive commercial information of both parties without either revealing that information to the other. These analyses confirmed that the assumption of potential synergies of $45 million was a reasonable basis for the parties negotiations. The third party analyses also suggested an upside case with additional synergies. The Company did not have confidence in the assumptions used to generate these numbers and therefore disagreed with this upside case. Summaries of the synergy analyses provided by these third-party advisors, generally corroborating the Company s estimate, were also shared with Houghton.

Negotiation of a Letter of Intent

Between May 2016 and August 2016, there were several communications between the parties and their representatives covering valuation, structure and governance issues, as well as liquidity rights related to the Sellers acquisition of

Quaker Common Stock and potential antitrust regulatory issues, which suggested to the Company that a transaction was less likely to be successfully negotiated. In considering antitrust regulatory issues, Drinker and Mayer discussed the jurisdictions from which the parties would need to seek and receive antitrust clearance and/or approval, specifically, Australia, China, Europe, and the United States. In discussing potential antitrust regulatory issues, Drinker and Mayer also considered (i) the extent of the review that likely would be undertaken by the antitrust or competition authorities in each of those jurisdictions, and (ii) whether and the extent to which a remedy would be necessary in any of the jurisdictions prior to receiving antitrust clearance and/or approval, as well as the effect that such remedies might have on the ability to consummate the proposed transaction. Nevertheless, having tentatively resolved some of these issues, on August 24, 2016, Mr. Barry sent a draft Letter of Intent to Mr. Hinduja describing Quaker s nonbinding proposal for the transaction and which also addressed certain governance and liquidity issues related to the Sellers proposed ownership of a significant number of shares of Quaker Common Stock, as well as non-compete provisions applicable to certain Sellers. On September 2, 2016, Mayer provided initial comments on the Letter of Intent to Drinker. The status of the negotiations over the Letter of Intent, and the results to that date of the preliminary due diligence, regulatory and synergies analyses were reviewed and discussed by Quaker s Board at its regular meeting held on September 21, 2016. At this meeting, the Board also provided guidance to Quaker management regarding the parameters of the terms still subject to negotiation, including the preconditions to initiating additional due diligence, governance issues, and how to address certain transaction costs. Negotiations concerning non-compete and governance issues, including standstill provisions and liquidity options for the Sellers, continued through the Fall of 2016. In particular, these negotiations centered around the scope and duration of the proposed non-compete provisions, including the entities to be bound by such provisions, whether they should extend for a period of two or five years following the Closing (or another period within that range), and whether India should be included within the covered territory. In addition, there were extensive negotiations regarding (i) the ownership thresholds at which certain Sellers would be entitled to designate nominees to Quaker s Board, (ii) the timing of certain transfer and other restrictions relating to the Quaker Common Stock acquired by certain Sellers in the transaction, including the periods during which such Sellers would be prohibited from selling such shares and from acquiring any more shares of Quaker Common Stock, (iii) whether the individual management Sellers would receive only cash or a mix of cash and Quaker Common Stock in the transaction, and (iv) whether Quaker would register such management shares under the Securities Act of 1933 effective as of the Closing. Quaker s Board again reviewed the status of the negotiations at its regular meeting held on November 16, 2016.

Back and forth discussion on the draft nonbinding Letter of Intent continued into mid-December 2016, including (i) the exchange of numerous drafts of the proposed Letter of Intent, (ii) an in-person meeting of Drinker, Mayer, Deutsche and RBC on September 15, 2016, and (iii) periodic discussions with representatives of the Company and Houghton.

On December 16, 2016, the nonbinding Letter of Intent was executed by the parties. It included a one-year standstill agreement restricting acquisitions of Quaker s stock if the transaction was not consummated and an exclusivity agreement which subsequently was extended as the parties worked toward drafting definitive documents.

Due Diligence and Negotiation of Definitive Documents

After the Letter of Intent had been executed, the parties began to exchange more substantive due diligence information. A data room was opened on December 19, 2016 to facilitate this next level of review. In addition, the parties arranged for Quaker personnel to visit ten Houghton plants during January and early February 2017. The companies also took steps to introduce their respective management teams to each other, with joint management presentations being held in Valley Forge, Pennsylvania on January 18 and 19, 2017. In connection with the ongoing diligence and the drafting of the transaction documentation, meetings were held during January and February 2017 involving, at times, management of both parties, as well as representatives from the companies legal and financial advisors.

Drinker began working on an initial draft of the Share Purchase Agreement based on the Letter of Intent, as well as ancillary documentation including a Shareholder Agreement and Non-Compete and Non- Solicitation Agreement.

After review by the Company, Drinker provided a draft of the Share Purchase Agreement to Mayer on January 11, 2017.

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During the period between January 11, 2017 and April 4, 2017, there were extensive telephone discussions and several in-person meetings among management and counsel to the parties to negotiate the terms of the proposed transaction. Certain of the material terms negotiated during this period include the scope of the representations and warranties to be made by the parties to the transaction, the amount and composition of the consideration to be placed into escrow, the obligations of the current and former management shareholders under the transaction documents, the integration of Houghton s employee benefit plans and policies in the combined entity, termination rights and remedies (including the extent to which the Company would reimburse certain of the Sellers transaction expenses in the event that the Company s shareholders did not approve the issuance of the Consideration Shares to the Sellers in connection with the transaction), the scope of the non-compete agreements, the liquidity of the Consideration Shares to be issued to the Sellers in connection with the transaction, certain Sellers rights to nominate representatives to the Board, restrictions on such Sellers ability to engage in particular actions not supported by the Board and other governance rights and restrictions relating to certain Sellers interests in Quaker following the Closing. The parties also negotiated limitations on the Sellers post-Closing indemnification liability, particularly whether certain fundamental representations and warranties would survive indefinitely or for a shorter period following Closing, the size of the deductible to which post-Closing indemnification obligations would be subject, and whether the parties respective post-Closing indemnification obligations would be limited, subject to certain exceptions, to $210 million or $70 million (or another amount within that range). During this period, Drinker and Mayer continued to analyze potential antitrust regulatory issues related to the proposed transactions, and, together with the parties and their other advisors, investigated tax and other implications of various approaches to structuring the proposed transaction. The components of the transaction consideration were also discussed during this time period, with the Sellers strongly preferring a greater proportion of cash. The relative amounts of the proposed consideration were largely influenced by the Company s consideration of cash on hand, expected cash flow and long term leverage goals. Once the Company determined the amount of cash it expected to be available, and the amount that it expected to be able to borrow without negatively affecting its long term leverage objectives, the remaining amount necessary to produce the aggregate purchase price was calculated as stock consideration.

The Company s Board considered the status of the proposed transaction at a special session of the Board held on February 26, 2017. In addition, on February 27, 2017, the Board met with Deutsche and Drinker and considered the proposed transaction and the results to date of the Company s due diligence investigation into the business and operations of Houghton, as well as regulatory and other legal issues related to the proposed transaction, and the potential for cost and other synergies. At this meeting the Board authorized Quaker management to seek to complete negotiations. Following this Board meeting, Mr. Barry, in a telephone conversation with Mr. Hinduja, advised him that, based on the results of Quaker s due diligence analysis, Quaker intended to reduce the number of shares being issued to the Sellers. Houghton did not agree with the valuation change and also disagreed with Quaker s proposal regarding Sellers post-closing indemnification obligations. During most of March 2017, little progress was made in resolving the remaining issues, although counsel to both parties continued to work cooperatively to complete due diligence and the regulatory analysis of the proposed transaction. On March 18, 2017, Drinker circulated a revised draft of the Stock Purchase Agreement to Mayer, which included a number of compromises particularly relating to the indemnification obligations of the Sellers after the Closing. The companies and their respective counsel continued to negotiate the remaining issues, and in those negotiations it was agreed that the percentage of Quaker shares to be issued to the Sellers at the closing would equal 24.5% of the then outstanding Quaker shares. Following resolution of the remaining items, and completion of due diligence, the Company s Board unanimously approved the Combination and Issuance at a special meeting held on April 4, 2017. The Company s financial advisors, The Valence Group, made a presentation to the Board at that meeting and provided their fairness opinion, which is summarized in the following section and is attached as Annex B to this proxy statement.

Opinion of the Company s Financial Advisor

By letter agreement dated September 29, 2016, as amended on March 2, 2017 (as so amended, the **Engagement Agreement**), the Company retained The Valence Group to provide a fairness opinion in connection with the Combination. In connection with this engagement, The Valence Group rendered its opinion that, as of April 3, 2017 and based upon and subject to the factors and assumptions set forth therein, the consideration to be paid by the Company in the Combination pursuant to the Share Purchase Agreement was fair, from a financial point of view, to the Company. In reviewing the opinion, the Board considered, among other things, that the differences between the common stock to be issued if the Charter Amendment is approved, and the preferred stock to be issued if the Charter Amendment is not approved are not material and do not substantively affect shareholder rights. Because the Board deemed these two alternatives to be functionally equivalent in all material respects, it determined that The Valence Group s assumption of the adoption of the Charter Amendment effectively addressed both potential scenarios, and that therefore the opinion would in all material respects be equally applicable under either scenario. The Board advised The Valence Group of this determination and The Valence Group agreed that this was a reasonable assumption.

As contemplated by the Engagement Letter with The Valence Group, the full text of the written opinion of The Valence Group, dated April 3, 2017, which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection therewith, is attached as Annex B to this proxy statement. The summary of the opinion of The Valence Group set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. Shareholders are urged to read the opinion carefully and in its entirety. The Valence Group s opinion was not intended to be and does not constitute a recommendation to any member of the Board, any security holder of the Company, or any other person as to how they should vote or act with respect to any matter related to the Combination or otherwise.

The Valence Group is a global chemicals investment bank that is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions and other corporate transactions. The Board selected The Valence Group to provide a fairness opinion with respect to the Combination on the basis of, among other things, such experience, The Valence Group s familiarity with the Company and Houghton, and its internationally recognized qualifications and reputation in the chemicals, materials and related sectors.

The issuance of The Valence Group s opinion was approved by a committee of its partners and senior professionals, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

In arriving at its opinion, The Valence Group, among other things:

- reviewed the then most recent draft, dated April 1, 2017, of the Share Purchase Agreement (the final form of which is attached as Annex D to this proxy statement) and certain related documents;

- reviewed the then most recent draft, dated February 17, 2017, of the Shareholder Agreement, by and between the Company, Gulf, Gulf Oil International, Ltd., an exempted company incorporated under the laws of the Cayman Islands, and GOCL Corporation Limited, a public limited company incorporated in India (together with Gulf Oil International, Ltd., the **Beneficial Shareholders**) (the final form of which is attached as Annex E to this proxy statement);

- reviewed the then most recent draft, dated April 2, 2017, of the Non-Competition and Non-Solicitation Agreement by and among the Company, Gulf, the Beneficial Shareholders and, for limited purposes, Gulf Oil Lubricants India, Ltd. (the final form of which is attached as Annex F to this proxy statement);

reviewed the audited consolidated financial statements of Houghton and its subsidiaries for each of the two fiscal years ended December 31, 2015, and December 31, 2016;

reviewed certain internal financial, operational, corporate and other information relating to Houghton prepared or provided by representatives of the Company, including internal financial forecasts;

had discussions with senior management of the Company relating to the past and current operations, and financial condition and prospects, of the Company and Houghton;

reviewed public information relating to the business, operations, financial performance and stock trading history of the Company and other selected public companies considered by The Valence Group to be relevant;

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reviewed public information with respect to other transactions of a comparable nature considered by The Valence Group to be relevant;

reviewed select reports published by equity research analysts and industry sources regarding the Company and other comparable public entities; and

reviewed such other information, analyses, investigations, and discussions as The Valence Group considered necessary or appropriate in the circumstances.

In connection with rendering its opinion, The Valence Group also reviewed (without relying upon) certain materials related to the Company s due diligence investigation of Houghton and the analysis of potential synergies associated with the Combination.

For purposes of rendering its opinion, The Valence Group relied upon and assumed (without any independent verification) the completeness, accuracy and fair presentation of all financial, legal, regulatory, tax, accounting and other information, data, advice, opinions and representations (including, without limitation, any historical financial statements of, and forecasts relating to, Houghton) that were (i) obtained by The Valence Group from public sources, (ii) provided to The Valence Group by representatives of the Company, or (iii) otherwise obtained by The Valence Group pursuant to The Valence Group s engagement; and The Valence Group did not assume any responsibility or liability for any such information, data, advice, opinions or representations. With respect to the financial forecasts, budgets and other financial and operating data concerning Houghton or the Company that were prepared by any of Houghton s or the Company s representatives, The Valence Group assumed, with the Board s permission, that they had been reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of Houghton and of the representatives of the Company, as the case may be, with respect to Houghton s business, plans, financial condition and prospects. The Valence Group expressed no opinion with respect to any such forecasts or other prospective financial information or the assumptions, estimates or judgments on which they were based.

In addition, in rendering its opinion, The Valence Group assumed, with the Board s permission, that: (i) the final executed form of the Share Purchase Agreement would not differ in any material respect from the latest draft that The Valence Group reviewed; (ii) the representations and warranties of each party contained in the Share Purchase Agreement were true and correct; (iii) the parties to the Share Purchase Agreement would comply in all material respects with the terms and conditions thereof; (iv) the Combination would be consummated in accordance with the terms set forth in the Share Purchase Agreement without any waiver, amendment or delay of any terms or conditions in any way significant to The Valence Group s analysis; (v) the Charter Amendment would be approved by the Company s shareholders as contemplated by the terms of the Share Purchase Agreement; (vi) any adjustments to the consideration in accordance with the Share Purchase Agreement, whether to be made prior to, at or after the Closing, would not be material to The Valence Group s analysis or its opinion; (vii) the Company had been advised by counsel as to all legal matters with respect to the Combination, including whether all procedures required by law to be taken in connection with the Combination had been duly, validly and timely taken; (viii) the value of the Company Common Stock, when issued in connection with the Combination, would be the same as the 10-day volume weighted average price of the Company Common Stock as of March 30, 2017; (ix) any changes to the amount of indebtedness of Houghton and its subsidiaries to be refinanced or assumed by the Company at Closing would not be material to The Valence Group s analysis or its opinion; (x) the financial forecasts and estimates referred to above would be achieved at the times and in the amounts projected; (xi) all material transactions with related parties (including Gulf) to which Houghton was a party were on an arm s-length basis, and all material employment relationships with Houghton would continue after the Closing to the satisfaction of the Company; and (xii) all governmental, regulatory or other consents and approvals necessary for the consummation of the Combination would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on the Company or Houghton or on the expected benefits of the Combination in any way meaningful to The Valence Group s analysis. The Valence Group are not legal, tax, regulatory, or accounting experts and expressed no opinion concerning any legal, tax, regulatory, or accounting matters concerning the Combination or the sufficiency of its opinion for the Board s purposes. In its analyses and in connection with the preparation of its opinion, The Valence Group made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Combination.

The Valence Group was not asked to prepare and did not assume any responsibility for making an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Houghton or any other party to the Combination, and The Valence Group was not furnished with any such evaluation or appraisal.

The Valence Group s opinion did not address the underlying business decision of the Company to engage in the Combination, nor did it address the relative merits of the Combination as compared to any other business or financial strategies or opportunities that may be available to the Company. The Valence Group s opinion addressed only the fairness, from a financial point of view, to the Company, as of the date thereof, of the consideration to be paid in the Combination pursuant to the Share Purchase Agreement. The Valence Group did not express any view on, and its opinion did not address, any other term or aspect of the Share Purchase Agreement or Combination or any term or aspect of any other agreement or instrument contemplated by the Share Purchase Agreement or entered into or amended in connection with the Combination (including, without limitation, the Shareholder Agreement and the Non-Competition and Non-Solicitation Agreement), including, without limitation, as to the fairness of the consideration or the Combination to any of the Sellers, or any creditors or other constituencies of Houghton; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Houghton, or class of such persons, in connection with the Combination, whether relative to the consideration to be paid by the Company pursuant to the Share Purchase Agreement or otherwise. The Valence Group did not express any opinion as to the price at which any capital stock of the Company would trade at any time, including as to what the actual value of the Company Common Stock or any other shares comprising the Consideration Shares would be when issued in connection with the Combination. The Valence Group also did not express any opinion as to the impact of the Combination on the solvency or viability of the Company or Houghton or the ability of the Company or Houghton to pay their respective obligations as and when they became due and payable. The Valence Group s opinion should not be construed as creating, and did not create, any fiduciary or agency relationship between The Valence Group and any other party.

The terms of the Share Purchase Agreement, including the consideration to be paid by the Company pursuant thereto, were determined through arm s length negotiations between the Company and Gulf, and the Company s decision to enter into the Share Purchase Agreement was solely that of the Board. The Valence Group s opinion and financial analyses constituted only one of the many factors considered by the Board in its evaluation of the Combination and should not be viewed as determinative of the views of the Board or Company management with respect to the Combination or the consideration to be paid by the Company pursuant to the Share Purchase Agreement.

In accordance with customary investment banking practice, The Valence Group employed generally accepted valuation methodologies in rendering its opinion to the Board and contained in the presentation delivered to the Board in connection with the rendering of such opinion, and the summaries set forth below do not purport to be a complete description of the analyses or data presented by The Valence Group. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by The Valence Group, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of The Valence Group s analyses.

Financial Analyses

Financial Projections

Each of the various valuation methodologies employed by The Valence Group in rendering its opinion to the Board relied on financial projections for Houghton that were provided to The Valence Group by the Company.

The Valence Group provided analysis of both a Management Case using the Company s forecasts for Houghton, in light of its due diligence review and an Illustrative Upside Case based on a model with lower labor and overhead costs and selling, general and administrative costs post-Closing, that management believed was possible, but less likely.

Selected Companies Analysis

Using publicly available information, The Valence Group compared selected financial data of Houghton with similar data for selected publicly traded companies that The Valence Group deemed relevant for purposes of analysis. The companies selected by The Valence Group were as follows:

- NewMarket Corporation;
- Quaker Chemical Corporation (i.e., the Company itself);
- Fuchs Petrolub SE;
- Elementis plc; and
- Innospec Inc.

These companies were selected, among other reasons, because they are publicly traded chemical companies with similarities to Houghton including product overlap, geographic focus or end-market exposure. Using publicly available information, The Valence Group calculated for each selected company the multiple of enterprise value (calculated using the closing price of shares of the applicable company s stock as of March 30, 2017) to estimated EBITDA (which means earnings before interest, tax, depreciation and amortization) for calendar year 2017, which we refer to as EV/EBITDA 2017E, and for calendar year 2018, which we refer to as EV/EBITDA 2018E, based on research analyst estimates sourced from FactSet and Thomson Reuters. This analysis indicated the following EV/EBITDA 2017E and EV/EBITDA 2018E:

	EV/EBITDA 2017E	EV/EBITDA 2018E
NewMarket Corporation	16.6x	15.1x
Quaker Chemical Corporation	15.9x	14.9x
Fuchs Petrolub SE	14.4x	13.7x
Elementis plc (1)	12.8x	10.9x
Innospec Inc.	10.9x	10.2x
Mean	14.1x	13.0x
Median	14.4x	13.7x

(1) Elementis plc calculated pro forma for its acquisition of SummitReheis

Based on the results of this analysis and other factors that The Valence Group considered relevant, The Valence Group selected a multiple reference range for EV/EBITDA 2017E of 13.0x 15.0x and a multiple reference range for EV/EBITDA 2018E of 12.0x 14.0x.

After applying these ranges to the Company management s estimate of the EBITDA for Houghton for calendar years 2017 and 2018 in the Management Case, the analysis indicated the following implied enterprise value ranges for Houghton:

	Implied Enterprise Value of Houghton	
	Low	**High**
EV/EBITDA 2017E	$ 1,505 million	$ 1,735 million
EV/EBITDA 2018E	$ 1,415 million	$ 1,650 million

The ranges of the implied enterprise value of Houghton were compared to the estimated consideration to be paid by the Company in the Combination of $1,433.1 million, which is comprised of: (a) $172.5 million in cash plus

(b) the Company s issuance of such number of shares of Company Common Stock, equal to 24.5% of the Company Common Stock outstanding immediately after the Closing plus (c) the Company s refinancing or assumption of approximately $691.3 million of Indebtedness of Houghton and its Subsidiaries, subject to adjustment as described in detail in Principal Terms of the Combination The Combination and the Issuance beginning on page 33 of this proxy statement.

Selected Transactions Analysis

Using publicly available information, The Valence Group examined selected transactions involving businesses that The Valence Group considered to be analogous to Houghton s business or aspects thereof for purposes of analysis. These transactions were selected, among other reasons, because they were acquisitions of chemical businesses that were similar in one or more meaningful respects to Houghton, including by virtue of product overlap, geographic focus or end-market exposure. Specifically, The Valence Group reviewed the following transactions:

Year	Acquiror	Target/Seller	Enterprise Value (1)	EV / LTM EBITDA Transaction Multiple
2016	BASF	Chemetall	$3,200 million	15.8x
2016	The Carlyle Group	Atotech B.V.	$3,200 million	11.9x
2012	Calumet Specialty Products Partners LP	Royal Purple Inc.	$333 million	11.7x
2015	New Mountain Capital	Zep Inc.	$685 million	11.7x
2000	BP Amoco PLC	Burmah Castrol PLC	$6,570 million	10.9x
2002	Shell Oil Company	Penzoil-Quaker State Company	$2,876 million	10.3x
2006	Court Square Capital Partners	MacDermid Inc.	$1,279 million	10.3x
2013	Platform Specialty Products Corporation	MacDermid Inc.	$1,800 million	10.0x
2012	Kennametal Inc.	Deloro Stellite Group	$353 million	8.0x
2012	Gulf Oil Corp. Ltd	Houghton International Inc.	$1,045 million	7.9x
Mean				10.9x
Median				10.6x
Mean (Since January 2013				12.4x
Median (Since January 2013)				11.8x

(1) Transactions denominated in foreign currencies have been converted into USD at the rate prevailing on the transaction announcement date.

The Valence Group reviewed, for each selected transaction, the multiple of the enterprise value at which the transaction was consummated to the target company s EBITDA for the 12-month period prior to the announcement of the applicable transaction, which we refer to as EV / LTM EBITDA. The Valence Group s analysis relied on publicly available EV / LTM EBITDA transaction multiples, as well as other publicly available qualitative and quantitative measures.

Based on the results of this analysis and other factors that The Valence Group considered relevant, The Valence Group selected a multiple reference range of 10.5x 12.5x for EV / LTM EBITDA.

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After applying these ranges to figures provided by the Company for Houghton s EBITDA for the 12-month period ended December 31, 2016, the analysis indicated the following implied enterprise value range for Houghton:

	Implied Enterprise Value of Houghton	
	Low	**High**
EV / LTM EBITDA	$ 1,260 million	$ 1,500 million

Discounted Cash Flow Analysis

The Valence Group conducted a discounted cash flow analysis for the purpose of determining an implied enterprise value range for Houghton. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered free cash flows generated by the asset and taking into consideration the time value of money with respect to those cash flows by calculating their present value . The unlevered free cash flows refer to a calculation of the future cash flows generated by an asset without including in such calculation any debt servicing costs. Specifically, unlevered free cash flow for this purpose represents EBITDA, adjusted for depreciation and amortization, tax, capital expenditures and changes in net working capital. Present value refers to the current value of the unlevered free cash flows generated by the asset, and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital and other appropriate factors; in many cases, the discount rate is the asset s estimated weighted average cost of capital. Terminal value refers to the value of all future cash flows generated by the asset for periods beyond the projections period.

In performing its discounted cash flow analysis of Houghton, The Valence Group considered the stand-alone value of Houghton based on the Management Case and the Illustrative Upside Case, in each case without regard to the estimated synergies projected to result from the Combination, which we refer to as the Synergies, as well as the value of Houghton based on the Management Case and the Illustrative Upside Case, with the Synergies.

With respect to the Management Case, The Valence Group calculated the unlevered free cash flows that Houghton was projected to generate (i) during calendar year 2017 through calendar year 2021, based upon the financial projections for Houghton constructed by Company management and (ii) during calendar year 2022 through calendar year 2026, based upon Company management s guidance with respect to EBITDA and unlevered free cash flow growth for Houghton, in each case without taking into account any projected Synergies. The Valence Group calculated a range of terminal values for Houghton at the end of the projection period by applying terminal growth rates, based on The Valence Group s professional judgment given the nature of Houghton, its business and its industry, ranging from 2.5% to 3.5%. The unlevered free cash flows and the range of terminal values were then discounted to present values using discount rates ranging from 8.5% to 9.0%, which were chosen by The Valence Group based upon an analysis of the weighted average cost of capital of Houghton.

With respect to the Illustrative Upside Case, The Valence Group calculated the unlevered free cash flows that Houghton was projected to generate during calendar year 2017 through calendar year 2021, based upon the financial projections for Houghton constructed by Houghton management without taking into account any projected Synergies. As with the Management Case, The Valence Group calculated a range of terminal values for Houghton at the end of the projection period by applying terminal growth rates ranging from 2.5% to 3.5%. The unlevered free cash flows and the range of terminal values were then discounted to present values using discount rates ranging from 8.5% to 9.0%.

The discounted cash flow analysis indicated implied enterprise value ranges for Houghton of $1.20 billion to $1.47 billion under the Management Case, and $1.24 billion to $1.57 billion under the Illustrative Upside Case.

The Valence Group also evaluated the unlevered free cash flows that the Company was projected to generate as a result of the Synergies during calendar year 2017 through calendar year 2021, including the cost to achieve such

Synergies. The Valence Group applied a terminal growth rate, based on The Valence Group s professional judgment given the nature of Houghton, its business and its industry, of 0.0%. The unlevered free cash flows projected to be generated as a result of the Synergies were then discounted to present values using discount rates ranging from 8.5% to 9.0%, which are the same discount rates employed in the discounted cash flow analyses described above. The discounted cash flow analysis of the Synergies indicated an implied additional enterprise value range for Houghton of $305 million to $325 million as a result of such Synergies. The discounted cash flow analysis indicated implied enterprise value (including Synergies) ranges for Houghton of $1.51 billion to $1.79 billion under the Management Case, and $1.55 billion to $1.89 billion under the Illustrative Upside Case.

Pro Forma Transaction Analysis

The Valence Group also reviewed an analysis prepared by Company management of certain potential pro forma effects of the Combination, which incorporated the management case discussed below. This analysis indicated that:

- the Combination is expected to be accretive to the Company s earnings per share by the first full year after the Closing, as calculated on both a cash and a GAAP basis, including Synergies and excluding any non-recurring cost of Synergies; and

- on a pro forma basis, the Company management s financial model projected substantial deleveraging from the Closing Date through calendar year 2021 and, as a result, a reversion toward the pre-Combination capital structure.

The Valence Group also prepared an analysis that calculated a range of pro forma Company share prices both on the basis of multiples of projected pro forma 2017 EBITDA and on the basis of multiples of projected pro forma 2018 cash earnings per share. Based on such analysis, the Combination is expected to be accretive to the Company s share price as compared to the price of the Company Common Stock as of March 30, 2017.

Miscellaneous

The foregoing summary of financial analyses does not purport to be a complete description of the analyses or data presented by The Valence Group. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. The Valence Group has advised the Company that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of The Valence Group with respect to the actual value of Houghton or the Company. The order of analyses described does not represent the relative importance or weight given to those analyses by The Valence Group. In arriving at its opinion, The Valence Group did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, The Valence Group considered the totality of the factors and analyses performed in determining its opinion.

Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by The Valence Group are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, The Valence Group s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be acquired or sold. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of the Company, The Valence Group or any other person assumes responsibility if future results are materially different from those forecast. No company or

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transaction used in the above analyses as a comparison is directly comparable to Houghton or the Combination. These analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Houghton and the transactions compared to the Combination.

The Valence Group was paid a fixed fee of $1,500,000 for rendering its written opinion, $250,000 of which was paid as a non-refundable retainer, $100,000 of which was paid as a creditable retainer and the remainder of which was paid upon the delivery of its opinion to the Company. No portion of such fee was contingent upon the conclusions reached by The Valence Group or upon the completion of the Combination or any alternate transaction. The Company also agreed to reimburse The Valence Group for its reasonable travel and other expenses and to indemnify The Valence Group in respect of certain liabilities that might arise out of its engagement. In the past two years, in addition to rendering its opinion in connection with the Combination and receiving fees therefor, The Valence Group has served as the Company s financial advisor in connection with a separate possible transaction involving the Company. To date, The Valence Group has not received any compensation in connection with such engagement, but in the future The Valence Group may become entitled to receive fees of up to $1,250,000. Except for the foregoing matters, none of The Valence Group or any of its affiliates has, in the past two years, been engaged to provide any financial advisory or investment banking services to, participated in any financings involving, or otherwise had any material relationship with, the Company, the Sellers, Houghton or any of the Company s sources of financing in connection with the Combination, and no such material relationship is mutually understood to be contemplated. The Valence Group may seek to provide such persons or their respective affiliates with certain financial advisory, investment banking, or other financial services unrelated to the Combination in the future and, in connection with such services, may receive compensation.

Certain Projected Financial Information

Houghton and the Company do not as a practice make public projections as to future revenues, earnings or other results. However, in connection with our Board s consideration of the Combination and The Valence Group s financial analysis of Houghton described under Opinion of the Company s Financial Advisor, Houghton management provided to the Company its non-public, five-year internal financial forecast regarding Houghton s anticipated future operations for the years ending December 31, 2017 through December 31, 2021, which the Company subsequently provided to The Valence Group with certain adjustments made by Company management, which were based on the Company s due diligence of Houghton and extrapolations from Houghton s financial forecasts for the year ending December 31, 2017 (and as adjusted by Company management to include estimated interest expense from the anticipated financing in connection with the Combination). The Company has included the below summary information from such financial forecasts to give its shareholders access to certain previously non-public information because such information was considered by the Board of the Company for purposes of evaluating the Combination and by our financial advisor, The Valence Group, for purposes of rendering its fairness opinion. Inclusion of summary information regarding the financial forecasts in this proxy statement is not intended to influence your decision whether to vote for the Issuance.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward complying with the published guidelines of the Securities and Exchange Commission and the guidelines established by the American Institute of Certified Public Accountants with respect to the preparation and presentation of prospective financial information, but, in the view of the Company s management, was prepared on a reasonable basis, and presents, as of the date prepared, a reasonable expectation of Houghton s estimated future financial performance for the periods indicated. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement are cautioned not to place undue reliance on the prospective financial information.

Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. The prospective financial information was prepared treating