

QUAKER CHEMICAL CORP  
Form DEF 14A  
March 30, 2012  
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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**  
**(Amendment No. \_\_ )**

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 Pursuant to §240.14a-12

**QUAKER CHEMICAL CORPORATION**

(Name of Registrant as Specified In Its Charter)

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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***Notice of Annual Meeting of Shareholders***

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**TIME:** 8:30 A.M., local time, on Wednesday, May 9, 2012

**PLACE:** Quaker Chemical Corporation  
One Quaker Park  
901 E. Hector Street  
Conshohocken, Pennsylvania 19428

**ITEMS OF BUSINESS:**

- (1) To elect three directors.
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm to examine and report on our financial statements and internal control over financial reporting for the fiscal year 2012.
- (3) To transact any other business properly brought before the meeting.

**WHO MAY VOTE:** You can vote at the meeting and any adjournment(s) of the meeting if you were a shareholder of record at the close of business on March 9, 2012.

**ANNUAL REPORT:** A copy of our Annual Report, which includes our Annual Report on Form 10-K for the year ended December 31, 2011, is enclosed.

*It is important that your shares be represented at the meeting. You are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to complete, sign, date and return the enclosed proxy in the envelope we have enclosed for your convenience; no postage is required if mailed in the United States.*

By Order of the Board of Directors,

D. Jeffry Benoliel

Vice President Global Metalworking and

Fluid Power and Corporate Secretary

Conshohocken, Pennsylvania

March 30, 2012

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**Important Notice of Availability of Proxy Materials**

**for Quaker Chemical Corporation's 2012 Annual Meeting of Shareholders to be held on**

**May 9, 2012.**

**The Notice of Meeting, Proxy Statement and 2011 Annual Report to Shareholders**

**are available at [www.proxyvote.com](http://www.proxyvote.com).**

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**QUAKER CHEMICAL CORPORATION**

**One Quaker Park, 901 E. Hector Street**

**Conshohocken, Pennsylvania 19428**

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**PROXY STATEMENT**

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This proxy statement is being furnished to our shareholders in connection with the solicitation of proxies on behalf of our Board of Directors for use at our 2012 Annual Meeting of Shareholders, and at any and all adjournments of the meeting, for the purpose of considering and acting upon the matters referred to in the accompanying Notice of Annual Meeting of Shareholders and which are discussed below. The Annual Meeting of Shareholders 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 May 9, 2012. The terms we, our, us, and Quaker, as used in this proxy statement, refer to Quaker Chemical Corporation.

This proxy statement and the accompanying form of proxy are first being mailed to shareholders on or about April 4, 2012.

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***Information Concerning the Annual Meeting***

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**What matters will be voted on at the meeting?**

At the meeting, shareholders will vote on two proposals:

Election of three nominees to serve on our Board of Directors; and

Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012.

**How does the Board recommend I vote on the proposals?**



The Board recommends that you vote:

FOR each of the three nominees named in this proxy statement; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2012.

**Who is entitled to vote?**

Shareholders of record as of the close of business on March 9, 2012, the record date for the meeting, are entitled to notice of and to vote at the meeting and any adjournments of the meeting.

**How do I cast my vote if I am a shareholder of record?**

You can cast your vote:

in person, by attending the Annual Meeting of Shareholders;

via the Internet, by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided;

by telephone, using the toll-free number listed on the proxy card; or

by mail, if you mark, sign and date a proxy card and return it in the postage-paid envelope provided.

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### **How do I cast my vote if I am a beneficial owner of shares held in street name?**

You can cast your vote:

in person, by first obtaining a proxy card issued in your name from your broker and bringing that proxy card to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date, the stock acquisition date and valid identification;

via the Internet, by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided;

by telephone, only if you agree with the voting rights of your proxy, by using the toll-free number found on the proxy card;  
or

by mail, if you mark, sign and date the proxy card and return it in the postage-paid envelope provided.

### **If I have given a proxy, how do I revoke that proxy?**

Your presence at the meeting will not revoke any proxy you may have given. If your shares are held in your name, you may revoke your proxy at any time (to the extent it has not already been voted at the meeting), but a revocation will not be effective until it is received. Your proxy will be revoked (to the extent it has not already been voted at the meeting) if you:

give written notice of the revocation to Quaker's Corporate Secretary, D. Jeffry Benoliel, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, or give electronic notice to Mr. Benoliel at [jeffry\\_benoliel@quakerchem.com](mailto:jeffry_benoliel@quakerchem.com);

submit a properly signed proxy with a later date; or

vote in person at the meeting as described above.

If your shares are held in street name through a broker, bank or other nominee for your benefit, you should contact the record holder to obtain instructions if you wish to revoke your vote before the meeting.

### **How will my proxy be voted?**

If you are a registered holder and your proxy is properly executed, returned and received prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you return your signed proxy but do not mark the boxes to show how you wish to vote on any of the proposals, the shares for which you have given your proxy will, in the absence of your instructions to the contrary, be voted FOR Proposal 1 and

FOR Proposal 2.

If your shares are held in street name through a broker, bank or other nominee for your benefit and your proxy card is properly executed, returned and received prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you have not furnished voting instructions within a specified period prior to the meeting, under current New York Stock Exchange ( NYSE ) rules, brokerage firms and nominees that are members of the NYSE have the authority under the NYSE s rules to vote their customers unvoted shares on routine matters but not on non-routine matters. Under the rules currently in effect, routine matters include the ratification of the appointment of our independent registered public accounting firm but do not include the election of directors.

The proxy card form also grants the proxy holders discretionary authority to vote on any other business that may properly come before the meeting as well as any procedural matters. As of the date of this proxy statement, we do not know of any other matters that will be presented at the meeting.

**What does it mean if I get more than one proxy card?**

If you have your shares registered in multiple accounts with one or more brokers and/or our transfer agent, you will receive more than one proxy card. Please complete and return each of the proxy cards you receive to ensure that all of your shares are voted.

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### **How many votes are needed to elect directors?**

The three nominees receiving the highest number of FOR votes will be elected as directors. This is referred to as a plurality.

### **What if a nominee is unwilling or unable to serve?**

We do not expect that to occur. If it does, proxies will be voted for a substitute nominee designated by our Board of Directors.

### **How many votes are needed to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012?**

The proposal requires that the number of votes cast FOR the proposal exceed the number of votes cast AGAINST the proposal.

### **How will abstentions and broker non-votes affect the voting?**

Abstentions and broker non-votes will have no effect on the outcome of the voting on any matter brought before the meeting because they will not represent votes cast. A broker non-vote occurs when the beneficial owner of shares held in street name fails to furnish voting instructions to the broker within the required period, and the broker is not permitted under applicable rules to vote the shares.

### **Are dissenters' rights applicable to any of the matters to be voted on at the meeting?**

No. Dissenters' rights do not apply to any of the matters to be voted on at the meeting.

### **Who will count the vote?**

The Judge of Election appointed at the meeting, together with a representative of Broadridge, will serve as the inspector of election.

### **How many shares can be voted at the meeting?**

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As of March 9, 2012, the record date for the meeting, 12,948,440 shares of Quaker common stock were issued and outstanding. Every holder of Quaker common stock is entitled 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.

### **How many votes will I be entitled to cast at the meeting?**

You will be entitled to cast either one vote or ten votes for each share of common stock you held on March 9, 2012, 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, the number of votes you are entitled to cast at the meeting will be determined as follows:

Each share which, as of the record date, you had beneficially owned since March 1, 2009, will entitle you to ten votes.

Each share you acquired after March 1, 2009, will entitle you to one vote, with some exceptions. These exceptions are explained in Appendix A to this proxy statement.

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 March 1, 2009 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 proxy card. The Board of Directors reserves the right to require evidence to support the affidavit.

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### **What is the total number of votes that may be cast at the meeting?**

Based on the information available to us, as of March 9, 2012, at the annual meeting the holders of 984,554 shares of Quaker common stock will be entitled to cast ten votes for each share held and the holders of 11,963,886 shares of Quaker common stock will be entitled to cast one vote for each share held, for a total of 21,809,426 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. 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.

### **Where can I find more information on the voting procedures for the meeting?**

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

### **What is a quorum?**

The presence of shareholders entitled to cast at least a majority of the votes entitled to be cast on a particular matter will constitute a quorum for the purpose of considering that matter. For purposes of determining the presence of a quorum, the votes of a shareholder will be counted if the shareholder is present in person or by proxy. Shares which are the subject of abstentions or broker non-votes will be counted for purposes of determining a quorum.

### **Who can attend the Annual Meeting?**

All shareholders of Quaker who owned shares of record on March 9, 2012 can attend the meeting. If you want to vote in person and you hold Quaker 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 broker and bring that proxy card to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification. If you hold 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 statement reflecting your stock ownership as of the record date and valid identification.

### **How will voting on any other business be conducted?**

We do not know of any business to be considered at the meeting other than the proposals described in this proxy statement. However, if any other business is presented at the meeting, a proxy in the accompanying form will give authority to Michael F. Barry and William R. Cook to vote on such matters at their discretion and they intend to do so in accordance with their best judgment.

**Who will pay the cost of this proxy solicitation and how will the solicitation be conducted?**

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. In addition to the use of the mail, our directors, executive officers and employees may, without additional compensation, solicit proxies personally or 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 and Quaker's annual report, including its Annual Report on Form 10-K, to any beneficial holder of Quaker common stock they hold of record.

**Does the company utilize householding for mailing of its proxy materials?**

The Securities and Exchange Commission permits companies and intermediaries (such as brokers and banks) to satisfy delivery requirements for proxy statements and annual reports with respect to two or

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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, the 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 a 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 Irene M. Kisleiko, Assistant Secretary, toll free at 1-800-523-7010, ext. 4119, or inform us 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 Irene M. Kisleiko 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 so request by calling the toll-free number or writing to the address noted above.

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## ***Proposal 1 Election of Directors and Nominee Biographies***

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### **What is the makeup of the Board of Directors?**

The Quaker Articles of Incorporation provide that our Board of Directors is divided into three classes, each consisting, as nearly as possible, of one-third of the total number of directors. The shareholders elect the members of one of the three classes each year to serve for a term of three years. Directors elected to fill vacancies and newly created directorships serve for the balance of the term of the class to which they are elected. Presently, there are nine directors, including three Class I directors, three Class II directors and three Class III directors. At the meeting, three Class II directors are to be elected with each member to serve a three-year term expiring in 2015 or until his successor is duly elected and qualified.

### **Are there any members of the class of directors to be elected at the meeting who are not standing for reelection?**

No. Each incumbent director whose term expires this year has been nominated for election to serve for an additional three-year term and has agreed to serve if elected.



**Who are the Board's nominees this year?**

Donald R. Caldwell, William R. Cook and Jeffrey D. Frisby are the Board's nominees for election to the Board of Directors. Each nominee, if elected, would hold office until our 2015 annual meeting of shareholders and until his successor is elected and qualified.

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**What is the background of this year's nominees?**

Below are our nominees for election to the Board as Class II members, including descriptions of their qualifications and lists of business experience and directorships over the past five years:

**DONALD R. CALDWELL (65)** Mr. Caldwell has served on Quaker's Board since 1997 and is the Chairman of the Executive Committee. He is Chairman and Chief Executive Officer of Cross Atlantic Capital Partners, Inc., a venture capital management company. Previously, he was President and Chief Operating Officer of Safeguard Scientifics, Inc., a holding company with investments in the growth-stage technology and life sciences businesses. He currently serves on multiple public company boards. He has experience in accounting/finance, financial reporting, risk assessment, strategic planning and corporate development. Mr. Caldwell's specific business and board service experience are listed below:

Chairman and Chief Executive Officer of Cross Atlantic Capital Partners, Inc., a venture capital management company, for more than five years.

Member of the Board of Directors:

InsPro Technologies Corporation (formerly, Health Benefits Direct Corporation)

Lightning Gaming, Inc.

Rubicon Technology, Inc.

Voxware, Inc.

Former Member of the Board of Directors:

Diamond Management & Technology Consultants, Inc.

Kanby International, Inc.

**WILLIAM R. COOK (68)** Mr. Cook has served on Quaker's Board since 2000 and is the Chairman of the Audit Committee. He retired in 2002 but previously served in a variety of positions in the chemical industry, including Chairman, President and Chief Executive Officer of Betz Dearborn, Inc. and Vice Chairman and Co-Chief Executive Officer of Hercules, Inc. Most recently, Mr. Cook served as President and Chief Executive Officer of Severn Trent Services, Inc. He has experience in accounting/finance, financial reporting, industrial marketing, governance, strategic planning and corporate development. Mr. Cook's specific business and board service experience are listed below:

President and Chief Executive Officer of Severn Trent Services, Inc., a water purification products and laboratory and operating services company, from 1999 until June 2002.

Member of the Board of Directors:

Teleflex Incorporated



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**JEFFRY D. FRISBY (56)** Mr. Frisby has served on Quaker's Board since 2006. He is President and Chief Operating Officer of Triumph Group, Inc., which serves the aerospace industry. He has held a variety of positions within the Triumph Group and a predecessor group company, Frisby Aerospace, Inc. He has experience in accounting/finance, financial reporting, industrial marketing, organizational development, global organizations, strategic planning and corporate development. Mr. Frisby's specific business experience is listed below:

President and Chief Operating Officer of Triumph Group, Inc. which, through its subsidiaries, engages in the design, engineering, manufacture, repair, overhaul and distribution of aircraft components in the United States and internationally, since July 2009.

Group President of Triumph Aerospace Systems Group, a group of companies that design, engineer and build aerostructures, as well as complete mechanical, electromechanical and hydraulic systems for the aerospace industry, from April 2003 to July 2009.

**The Board of Directors recommends that you vote FOR the election to our Board of Donald R. Caldwell, William R. Cook and Jeffrey D. Frisby, the nominees listed above.**

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*Biographies of Continuing Directors*

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Below are our incumbent directors who were elected as Class III members of the Board in 2010 and whose terms expire in 2013, including descriptions of their qualifications and lists of business experience and directorships over the past five years:

**JOSEPH B. ANDERSON, JR. (69)** Mr. Anderson has served on Quaker's Board since 1992. He is Chief Executive Officer of a group of minority-owned companies supplying parts to the automotive industry and services to a variety of industries including automotive, aerospace, defense, construction, mining and off road vehicles. He also currently serves as a director on multiple public company boards in diverse industries. He has experience in accounting/finance, financial reporting, risk assessment, governance, strategic planning, corporate development and manufacturing. Mr. Anderson's specific business and board service experience are listed below:

Chairman and Chief Executive Officer of TAG Holdings, LLC, a parent company for a variety of manufacturing and service-based enterprises, for more than five years.

Chairman and Chief Executive Officer of North American Assemblies, LLC, a tire and wheel assembly company, for more than five years.

Chairman and Chief Executive Officer of Wolverine Assembly, an automotive assembly, warehousing and logistics company, since June 2010.

Chairman and Chief Executive Officer of Barton Manufacturing, a heavy machining and welding company, since August 2011.

Chairman and Chief Executive Officer of Radian Precision, Inc., an aerospace and defense supplier since January 2012.

Chairman and Chief Executive Officer of Indiana Assemblies, LLC, a tire and wheel assembly company, from October 2008 to December 2010.

Chairman and Chief Executive Officer of Gulf Shore Assemblies, LLC, a tire and wheel assembly company, from May 2007 to December 2010.

Chairman and Chief Executive Officer of Great Lakes Assemblies, LLC, a tire and wheel assembly company, from January 2005 to December 2010.

Chairman and Chief Executive Officer of A&D Technologies, LLC, a manufacturer of temperature sensors servicing the automobile industry, from March 2003 to February 2011.

Chairman and Chief Executive Officer of Vibration Control Technologies, LLC, an automotive parts supplier and manufacturer, from January 2002 to March 2010.

Member of the Board of Directors:

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Meritor, Inc.

NV Energy, Inc.

Rite Aid Corporation

Valassis Communications, Inc.

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**PATRICIA C. BARRON (69)** Ms. Barron has served on Quaker's Board since 1989 and has been our Lead Director since 2008. She retired as a Professor at Stern School of Business at New York University in 2003. Prior to that time, Ms. Barron served in a variety of roles with Xerox Corporation, including President of their Engineering Systems Division, and has served on multiple public company boards. She has experience in accounting/finance, financial reporting, risk assessment, industrial marketing and services, organizational development, global organizations, governance, strategic planning and corporate development. Ms. Barron's specific business and board service experience are listed below:

Clinical Associate Professor and Senior Fellow at the Stern School of Business, New York University, from 1999 until August 2003.

Member of the Board of Directors:

Teleflex Incorporated

Ultralife Corporation

United Services Automobile Association

Former Member of the Board of Directors:

ARAMARK Corporation

**EDWIN J. DELATTRE (70)** Dr. Delattre has served on Quaker's Board since 1984. He retired in 2006 but provides consulting services to law enforcement agencies around the world with a focus on ethical behavior and continues to hold Emeritus positions at Boston University and St. John's College. Prior to his retirement, he held a number of positions at Boston University, including Dean, School of Education and Professor of Philosophy, College of Arts and Sciences. He has governance expertise. Dr. Delattre's specific experience is listed below:

Professor of Philosophy Emeritus, College of Arts and Sciences, Boston University, since September 2006.

Dean Emeritus, School of Education, Boston University, since December 2002.

Author, *Character and Cops, Ethics in Policing*, American Enterprise Institute Press, Sixth Edition, 2011.

President Emeritus, St. John's College, Annapolis, Maryland and Santa Fe, New Mexico, since January 1987.

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**Below are our incumbent directors who were elected as Class I members of the Board in 2011 and whose terms expire in 2014, including descriptions of their qualifications and lists of business experience and directorships over the past five years:**

**MICHAEL F. BARRY (53)** Mr. Barry has served on Quaker's Board since 2008. He is Quaker's Chairman, Chief Executive Officer and President. Mr. Barry has held a number of positions within Quaker since 1998, including Chief Financial Officer, Vice President and Global Industry Leader Industrial Metalworking and Coatings, and Senior Vice President and Managing Director North America. By serving in a variety of leadership and executive positions with Quaker, Mr. Barry has gained experience in accounting/finance, financial reporting, risk assessment, industrial marketing and services, organizational development, global organizations, governance, strategic planning, corporate development, research and development and manufacturing. Mr. Barry's specific business and board service experience are listed below:

Quaker's Chairman of the Board since May 2009 and Chief Executive Officer and President since October 2008; Senior Vice President and Managing Director North America from January 2006 to October 2008; Senior Vice President and Global Industry Leader Metalworking and Coatings from July 2005 through December 2005; Vice President and Global Industry Leader Industrial Metalworking and Coatings from January 2004 through June 2005 and Vice President and Chief Financial Officer from 1998 to August 2004.

Member of the Board of Directors:

Rogers Corporation

**ROBERT E. CHAPPELL (67)** Mr. Chappell has served on Quaker's Board since 1997 and is the Chairman of the Governance Committee. He is Chairman of The Penn Mutual Life Insurance Company and served as Penn Mutual's Chief Executive Officer from April 1995 until February 2011. He has experience in accounting/finance, financial reporting, risk assessment, organizational development, global organizations, governance, strategic planning and corporate development. Mr. Chappell's specific business and board service experience are listed below:

Chairman of The Penn Mutual Life Insurance Company, a mutual life insurance company providing life insurance and annuity products, for more than five years and Chief Executive Officer of the company from April 1995 to February 18, 2011; President from January 2008 to March 2010.

Member of the Board of Directors:

Penn Series Funds, Inc. (Chairman)

**ROBERT H. ROCK (61)** Mr. Rock has served on Quaker's Board since 1996 and is the Chairman of the Compensation/Management Development Committee. He is President of MLR Holdings, LLC, an investment company operating in the publishing industry. Prior to involvement in the publishing industry, he was Chairman of The Hay Group, a management consulting firm. He has experience in organizational development, global organizations, governance, strategic planning and corporate development. Mr. Rock's specific business and board service experience are listed below:

President of MLR Holdings, LLC, an investment company with holdings in the publishing and information business, for more than five years.

Member of the Board of Directors:



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The Penn Mutual Life Insurance Company

Former Member of the Board of Directors:

Alberto-Culver Company

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In addition to the information presented above regarding each director and director nominee's specific experience, qualifications, attributes and skills that led the Company to conclude that he or she should serve as a director, the Company also believes that all of its directors and director nominees have significant leadership experience derived from their professional experience and have a reputation for integrity and honesty and adhere to high ethical standards. The process undertaken by the Company's Governance Committee in recommending qualified director candidates is described below under the heading "Governance Committee Procedures for Selecting Director Nominees."

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## ***Corporate Governance***

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### **Leadership Structure**

Quaker's business is conducted by its officers, managers and associates under the direction of the Chief Executive Officer (CEO) and with oversight by the Board of Directors. The Company's CEO is also the Chairman of the Board of Directors. The Board has long held that, given Quaker's size and management structure, it is best to combine the roles of Chairman of the Board and CEO. The Board believes having one leader serving as both Chairman and CEO provides decisive and effective leadership.

The Board of Directors has also appointed an independent Lead Director. The Lead Director rotates on a bi-annual basis unless the Board determines that the reappointment of the Lead Director at the end of a two-year term is in the best interests of the Company. The Lead Director serves as the liaison between the Chairman/CEO and the Board of Directors. The Lead Director also ensures that the respective responsibilities of the Directors and the Chairman/CEO are understood; collaborates with the Chairman/CEO to ensure the appropriate flow of information to the Board; works with the Chairman/CEO to develop the agendas for Board meetings; coordinates and develops the agenda for and presides over sessions of the Board's independent Directors; ensures appropriate minutes are kept of such meetings and, as appropriate, communicates to the Chairman/CEO the substance of such discussions. Ms. Patricia C. Barron is currently the Lead Director, having been reappointed to the position for a two-year term in May 2010.

### **Director Independence**

In accordance with NYSE rules, the Board affirmatively determines the independence of each director and nominee for election as a director in accordance with guidelines it has adopted which include all elements of independence set forth in the NYSE listing standards. The Company's director independence standards are described in the Company's Corporate Governance Guidelines.

On an annual basis, each director and executive officer is obligated to complete a directors and officers questionnaire which requires disclosure, among other things, of any transactions with the Company in which the director (or any organization of which the director is a partner, shareholder or officer) or executive officer, or any member of his or her immediate family, have a direct or indirect material interest. Based on the Company's adopted independence standards and the information provided in the annual questionnaires, the Board determined at its meeting held on March 7, 2012, that all non-employee directors who will continue to serve after our 2012 annual meeting of shareholders are independent within our guidelines and have no material relationship with the Company as defined by our guidelines.

Based on the Company's independence standards, the Board has affirmatively determined that Michael F. Barry is not independent because he currently serves as an executive officer of the Company. There are no family relationships between any of the Quaker directors, executive officers or nominees for election as directors.

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**Governance Committee Procedures for Selecting Director Nominees**

The Governance Committee's goal is to assemble a Board that brings to Quaker a variety of perspectives and skills derived from high quality business and professional experience. The current composition of the Board includes directors (including those nominated for reelection this year) with complementary skills, expertise and experience such that the Board, on the whole, has competence and experience in a wide range of areas. Quaker's Board includes nine directors who are or have served as chief executive officers or in other executive management roles, seven directors with specialized accounting and finance knowledge, three directors with experience in the chemical industry or other technology or science areas, eight directors who have served on the boards of other public companies, six directors with international business experience and five directors with experience in industries served by Quaker. The Governance Committee will continue to evaluate the needs of Quaker and its shareholders to ensure that the competency of the Board, as a whole, is relevant and robust.

In evaluating director nominees, the Governance Committee considers the appropriate size of Quaker's Board of Directors and the needs of Quaker and its shareholders with respect to the particular talents, experience and capacities of its directors including: experience in industries similar to Quaker's; managerial and other leadership experience; business acumen or particular expertise; business development experience; strategic capability; independence of judgment; familiarity with corporate governance and the responsibilities of directors and the ability to fulfill those responsibilities; standing and reputation as a person of integrity; the potential contribution of each individual to the diversity of backgrounds, experience and competencies of which the Governance Committee desires to have represented; and ability to work constructively with the CEO and the Board. In considering nominees for the Board of Directors, the Governance Committee considers the entirety of each candidate's credentials and the anticipated contributions an individual can contribute as a member of the Board. Although we do not have a formal policy regarding diversity and do not have constituent or representative directors, diversity is one important factor, among many, in our nomination process. The Governance Committee considers a variety of factors, including age, gender, race, executive and professional experience, and perspectives of the candidate and how the candidate's qualifications will enhance the composition of the Board of Directors as a whole.