



QUAKER CHEMICAL CORPORATION AUDIT COMMITTEE CHARTER

This Charter has been adopted by the Board of Directors (the "Board") of Quaker Chemical Corporation (the "Company") to govern its Audit Committee (the "Committee"), which shall have the authority, responsibilities, and specific powers described below.

PURPOSE

The Committee shall provide assistance to the Directors in fulfilling their responsibility to the shareholders relating to (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company's independent auditors, and (4) the performance of the Company's internal audit function and independent auditors. In addition, the Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

COMMITTEE MEMBERSHIP

The Committee shall consist of the number of members fixed from time to time by the Board, but shall at all times consist of no fewer than three members. The Committee and its Chairperson shall be appointed by the Board on the recommendation of the Chairman of the Board and the Governance Committee. Each member of the Committee shall be a member of the Board who meets the independence and experience requirements of the New York Stock Exchange and, as applicable, the SEC. All members of the Committee shall have a general understanding of basic finance and accounting practices. The Board will also determine if any member is a "financial expert" as defined by the SEC. Any Committee member may be removed by the Board.

COMMITTEE DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

- (1) To retain and terminate the Company's independent auditors and approve, in advance, all audit engagement fees and terms and all non-audit engagements with the independent auditors. The Committee shall consult with Management but shall not delegate this authority since the independent auditor is ultimately accountable to the Committee .
- (2) To obtain and review, at least annually, a report by the Company's independent auditors describing the following: (i) the auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, by the firm; and (iii) in order to assess the auditor's independence, all relationships between the independent auditors and the Company.
- (3) To discuss with Management and the independent auditors, the Company's drafts of the annual audited financial statements and quarterly financial statements and related financial disclosure, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"); and discuss with Management earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- (4) To discuss with Management and the independent auditors, as appropriate, any audit problems or difficulties and Management's response, and the Company's risk assessment and risk management policies, including the Company's material financial and litigation risk exposure and steps taken by Management to monitor and mitigate such exposure.
- (5) To review the Company's financial reporting and accounting standards and principles, significant changes in such standards or principles or in their application, and the key accounting decisions affecting the Company's financial statements, including alternatives to, and the rationale for, the decisions made.
- (6) To review and discuss, at least annually, (i) with the Company's internal auditor, his audit plans and assessments of the effectiveness of the Company's internal control structure and procedures for financial reporting including: (a) all significant deficiencies or material weaknesses in the design or operation of internal controls; (b) any fraud, whether or not material, that involves Management or other employees having a significant role in the internal controls; and (c) all significant changes to internal controls, including corrective actions, since the last report to the Committee and (ii) with the

independent auditor its report on Management's assessment of the effectiveness of the Company's internal control structure and procedures .

- (7) To prepare and publish an annual Committee report in the Company's proxy statement.
- (8) To set policies for the hiring of employees or former employees of the Company's independent auditors.
- (9) To review and recommend to the Board investment guidelines for assets held under the Company's Pension Plan and to review at least annually the financial performance of the Pension Plan fund managers.
- (10) To review and investigate any matters pertaining to the integrity of Management, including conflicts of interest, or adherence to standards of business conduct as required in the policies of the Company. This should include the establishment of procedures for receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters (including confidential, anonymous submission by employees regarding questionable accounting or auditing matters), regular reviews of the compliance processes (including the reporting processes). In connection with these reviews, the Committee may meet, as it deems appropriate, with the general counsel and other Company officers and employees.

The Committee shall meet as often as it determines, but not less frequently than quarterly, and shall make reports of those meetings to the Board.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain outside legal, accounting, or other consultants to advise the Committee and shall, as appropriate, obtain advice and assistance from such advisors. The Company shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the independent accountants for services approved by the Committee, (2) compensation to any outside advisors retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may request any officer or associate of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall also meet with Management, the internal auditors, and the independent auditors in separate executive sessions at least once annually.

The Committee shall review and reassess the adequacy of this Charter annually and, upon the completion of each such review, shall recommend any proposed changes to the Board for approval.

The Committee shall annually evaluate its own performance and report to the Governance Committee the conclusions of the Committee resulting from such review.

LIMITATION OF THE COMMITTEE'S ROLE

The Audit Committee's job is one of oversight, and it recognizes that the Company's Management is responsible for preparing the Company's financial statements and that the outside auditors are responsible for auditing those financial statements. The Audit Committee recognizes that the Company's Management (including the internal auditing staff) and the outside auditors have more time, knowledge, and detailed information on the Company's financial statements than do the Audit Committee members. Consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any additional or special assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

WEB SITE

This Charter shall be posted on the Company's Web site, and Quaker's annual report on Form 10-K shall state that a copy of this Charter is available on Quaker's Web site or in writing and that a copy of the same is also available to any shareholder who requests it.

March 2004