FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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QUAKER STATE CORP

CIK:**81381**| IRS No.: **250742820** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-02677** | Film No.: **94528189**
SIC: **2911** Petroleum refining

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Mark One
X QUARTERLY REPORT UNDER SECTION 13 or 15(d)
- - -------- OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1994.

________ TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______________________ to _____________________

Commission File Number 1-2677

QUAKER STATE CORPORATION
(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C>

Delaware	25-0742820
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

</TABLE>

255 Elm Street
Oil City, Pennsylvania 16301
(Address of Principal Executive Offices)
(Zip Code)

(814) 676-7676
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
------- -------

As of May 1, 1994, 27,251,182 shares of Capital Stock, par value $1.00 per share, of the registrant were outstanding.

Page 1 of 24 pages.

Exhibit Index appears on page 16 .

PART I.

FINANCIAL INFORMATION

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Consolidated Statement of Operations
Quaker State Corporation and Subsidiaries

<TABLE>
<CAPTION>

For the quarter ended March 31 (in thousands except per share data, unaudited)	1994	1993
<S>	<C>	<C>
Revenues		
Sales and operating revenues	$175,546	$150,368
Insurance revenues	31,053	29,434
	206,599	179,802
Other, net	1,648	1,893
	208,247	181,695
Costs and expenses		
Cost of sales and operating costs	112,014	103,462
Insurance contract and benefit costs	25,552	24,068
Selling, general and administrative	53,108	40,698
Depreciation, depletion and amortization	7,587	6,964
Interest	1,203	1,435
	199,464	176,627
Income before income taxes	8,783	5,068
Provision for (benefit from) income taxes		
Current	4,125	2,600
Deferred	(925)	(935)
	3,200	1,665
Net income	$ 5,583	$ 3,403
Net income per share	$.20	$ .13
Weighted average shares outstanding	27,323	27,169
Cash dividends paid per share	$.10	$ .20

</TABLE>

The accompanying notes are an integral part of the financial statements.

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Consolidated Statement of Cash Flows
Quaker State Corporation and Subsidiaries

<TABLE>
<CAPTION>

For the three months ended March 31 (in thousands, unaudited)	1994	1993
Cash flows from operating activities		
<S>	<C>	<C>
Net income	$ 5,583	$ 3,403
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	7,587	6,964
Deferred income taxes and investment tax credit	958	(2,284)
Increase (decrease) from changes in:		
Receivables	(22,945)	(2,481)
Inventories	549	(1,554)
Other current assets	2,021	(1,117)
Accounts payable	6,077	1,306
Accrued liabilities	6,604	1,241
Other	(2,204)	(5,409)
Increase (decrease) from changes in insurance operations		
Realized investment (gains)/losses	17	(667)
Deferred policy acquisition costs	575	373
Unearned premiums	2,166	(507)
Other	(861)	(394)
Net cash provided by (used in) operating activities	6,127	(1,126)

Cash flows from investing activities		
Proceeds from disposal of property and equipment	1,128	962
Capital expenditures	(4,003)	(3,632)
Proceeds from sale of bonds and securities	26,005	9,783
Purchase of bonds and securities	(34,626)	(12,844)
Proceeds from sale of coal assets	1,009	--
Net cash used in investing activities	(10,487)	(5,731)
Cash flows from financing activities		
Dividends paid	(2,725)	(5,430)
Proceeds from notes payable	213	186
Payments on long-term debt	(63)	(17,635)
Net cash used in financing activities	(2,575)	(22,879)
Net decrease in cash and cash equivalents	(6,935)	(29,736)
Cash and cash equivalents at beginning of year:		
Other than insurance	6,220	34,146
Insurance	9,408	7,202
Total cash and cash equivalents at beginning of year	15,628	41,348
Cash and cash equivalents at end of period:		
Other than insurance	4,245	7,094
Insurance	4,448	4,518
Total cash and cash equivalents at end of period	$ 8,693	$ 11,612

</TABLE>

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet
Quaker State Corporation and Subsidiaries

<TABLE>
<CAPTION>

(in thousands except share data)	3/31/94 (unaudited)	12/31/93*
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 4,245	$ 6,220
Accounts and notes receivable, less allowance of $2,051 at 3/31/94 and $1,679 at 12/31/93.	79,763	56,818
Inventories: (Note 2)		
Crude oil	2,575	2,591
Finished and in-process petroleum products	22,366	23,225
Other	14,613	14,287
Total	39,554	40,103
Deferred income taxes	17,417	18,375
Other current assets	14,438	17,468
Total current assets	155,417	138,984
Property, plant, and equipment, net of accumulated depreciation and depletion of $347,260 at 3/31/94 and $345,851 at 12/31/93.	222,312	225,828
Other assets	78,842	82,903
Total assets other than insurance	456,571	447,715
Insurance assets		
Investments	191,700	185,446
Cash	4,448	9,408
Premiums and other receivables	58,314	59,310
Deferred insurance acquisition costs	59,430	60,005
Other assets	22,370	21,793
Total insurance assets	336,262	335,962
Total assets	$ 792,833	$ 783,677
Liabilities		
Current Liabilities:		
Accounts payable	$ 42,270	$ 35,980
Accrued liabilities	73,943	67,339
Debt payable within one year	211	262
Total current liabilities	116,424	103,581
Long-term debt, less debt payable within one year	51,176	51,188
Other long-term liabilities	174,830	179,054
Total liabilities other than insurance	342,430	333,823
Insurance liabilities		
Unearned premiums	210,696	208,530

Policy claims	29,103	28,773
Due to reinsurance companies	4,072	6,897
Other liabilities	17,033	16,904
Total insurance liabilities	260,904	261,104
Commitments and contingencies (Note 4)		
Stockholders' Equity		
Capital stock, $1.00 par value; authorized shares, 37,500,000; issued shares, 27,250,920 at 3/31/94 and 27,250,818 at 12/31/93.	27,251	27,251
Treasury stock, 6,696 shares, at cost	(92)	--
Additional capital	63,046	63,044
Retained earnings	100,471	98,877
Cumulative foreign currency translation adjustment	(733)	75
Unearned compensation (Note 8)	(444)	(497)
Total stockholders' equity	189,499	188,750
Total liabilities and stockholders' equity	$ 792,833	$ 783,677

</TABLE>

The accompanying notes are an integral part of the financial statements.
*-Amounts are from December 31, 1993 audited balance sheet and footnotes.

Other Financial Information
Quaker State Corporation and Subsidiaries

The sales and operating revenues and contributions to income before income taxes, by industry segment, are as follows:

<TABLE>
<CAPTION>

For the quarter ended March 31 (in thousands, unaudited)	1994	1993
<S>	<C>	<C>
Sales and Operating Revenue		
Motor oil	$ 122,749	$ 102,743
Fast lube	26,159	25,202
Natural gas E&P	7,663	7,027
Insurance	31,121	29,547
Truck-Lite	24,660	20,926
Docks	693	698
Intersegment sales	(6,446)	(6,341)
Total sales and operating revenue	$ 206,599	$ 179,802
Operating Profit		
Motor oil	$ 5,204	$ 3,884
Fast lube	1,301	345
Natural gas E&P	1,836	1,824
Insurance	2,157	1,899
Truck-Lite	2,864	1,734
Docks	219	284
Intersegment elimination	(68)	(113)
Total operating profit	13,513	9,857
Corporate income	521	118
Interest expense	(1,159)	(1,462)
Corporate expenses	(4,160)	(3,558)
Intersegment eliminations	68	113
Income before income taxes	$ 8,783	$ 5,068

</TABLE>

The accompanying notes are an integral part of the financial statements.

Notes To Consolidated Financial Statements
Quaker State Corporation and Subsidiaries
(unaudited)

1. In the opinion of management of Quaker State Corporation (the company), the accompanying financial statements include all adjustments which are necessary to a fair statement of the results for such periods. All of these adjustments are of a normal recurring nature. These statements should be read in conjunction with the financial statements included as a part of the 1993 annual report on Form 10-K. In accordance with insurance industry practice, the assets and liabilities for the insurance operations have not been

classified as current or noncurrent.

2. Inventories are stated at the lower of cost or market. Cost is determined on the last-in, first-out (LIFO) basis for all crude oil, the majority of company refined petroleum and vehicular lighting products; and on the first-in, first-out (FIFO) basis for other inventories, The reserve to reduce the carrying value of inventories from FIFO basis to LIFO basis amounted to $18,028,,000 at March 31, 1994, and $19,090,000 at December 31, 1993.

3. Heritage is an insurance holding company principally engaged, through its subsidiaries, in the business of credit life, accident and health, and special indemnity insurance closely associated with automobile sales.

On May 12, 1994 the company and GE Capital Corporation signed a definitive agreement for the sale of Quaker State's wholly owned Heritage Insurance Group subsidiary to GE Capital for $85,000,000 in cash. Under the agreement, GE Capital will acquire 100 percent of the stock in Heritage. The transaction, subject to approval of Quaker State's board of directors and state and federal regulatory approval, is expected to close in the third quarter of this year. The company expects a gain from this transaction.

Heritage's condensed income statements for the three months ended March 31, 1994 and 1993 are presented below:

<TABLE>
<CAPTION>

(in thousands)	1994	1993
<S>	<C>	<C>
Premiums	$ 24,338	$ 23,247
Net investment income*	2,627	3,047
Realized investment gains (losses)	(17)	667
Other, net	4,105	2,473
Total revenue	31,053	29,434
Policy and contract benefit expenses	(13,658)	(12,766)
Amortization of deferred policy acquisition costs	(11,894)	(11,302)
General and administrative costs	(3,412)	(3,580)
Income before income taxes	2,089	1,786
Provision for income taxes	(393)	(327)
Net income	$ 1,696	$ 1,459
*Excludes intercompany interest of	$ 68	$ 113

</TABLE>

Effective January 1, 1994, the company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" which addresses the accounting and reporting for investments in equity securities that have readily determinable values and for investments in debt securities. This Standard did not have a material impact on the company's financial position and results of operations.

The effect of reinsurance transactions on the Consolidated Statement of Operations for premiums written and earned for the the quarter ended March 31, 1994 and 1993, are as follows (in thousands):

<TABLE>
<CAPTION>

	1994		1993	
	Written	Earned	Written	Earned
<S>	<C>	<C>	<C>	<C>
Direct Premiums	$31,873	$30,606	$ 28,710	$ 28,028
Assumed Premiums	1,871	1,080	15,339	17,258
Ceded Premiums	(7,974)	(7,348)	(21,149)	(22,039)
Net Premiums	$25,770	$24,338	$ 22,900	$ 23,247

</TABLE>

Recoveries of policy and contract benefit expense recognized under reinsurance contracts for the three months ended March 31, 1994 and 1993, was

$4,726,000 and $9,117,000. For information regarding the nature and purpose of reinsurance transactions, reference should be made to the 1993 Annual Report.

4. In December 1993, the United States of America commenced a lawsuit against the company in the U.S. District Court for Northern West Virginia. The complaint alleges the company violated the federal Resource Conservation and Recovery Act and the federal Clean Air Act at the Congo refinery on various dates starting in 1980 and seeks civil penalties as allowable under federal law not to exceed $25,000 per day for each violation. The company intends to vigorously defend itself in this lawsuit. However, the ultimate outcome of this litigation cannot presently be determined. A provision of $1,000,000 was established in the first quarter for costs associated with the pending litigation.

   In addition, the company has received noticies from the EPA and others that it is a "potentially respon party" relative to certain waste disposal sites identified by the EPA and may be required to share in the cost of cleanup. The company has accrued for all matters which are probable and can be reasonably estimated.

   Contingent liabilities of an indeterminate amount exist in connection with suits and claims arising in the ordinary course of business.

   In April 1994, two purported class actions were commenced in the Federal District Court for the Western District of Pennsylvania against Witco Corporation, Quaker State Corporation and Pennzoil Company. The complaints allege violations of Section 1 of the Sherman Act. The company believes there is no basis for the allegations in the complaints and intends to defend these matters vigorously.

   In the opinion of management, all matters discussed above are adequately accrued for or covered by insurance or, if not so provided for, are without merit or the disposition is not anticipated to have a material effect on the company's financial position; however, one or more of these matters could have a material effect on future quarterly or annual results of operations when resolved.

5. The effective income tax rate of approximately 36% for the three months ended March 31,1994 is higher than the 35% federal rate due to increased income and the added impact of state and foreign taxes. The first quarter effective income tax rate of 36% is higher than the 1993 effective rate of 15% due to higher income, enacted federal rate change in 1993 that increased the value of deferred tax assets in 1993, 1993 net adjustment to valuation allowance and other 1993 credits.

QUAKER STATE CORPORATION AND SUBSIDIARIES

Discussion and Analysis of Results of Operations and Financial Condition

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The consolidated financial statements and related notes including information about Quaker State Corporation's (the Company) operations in different segments included in this Form 10-Q should be read as an integral part of this review.

Quaker State Corporation reported net income of $5,583,000, or $.20 per share, in the first quarter ended March 31, 1994, compared to $3,403,000, or $.13 per share, in the same quarter last year. Sales and operating revenues in 1994 of $206,599,000 increased 15% over last year's total of $179,802,000. The improvement in net income resulted from higher revenues and operating profits, based primarily on increased volumes, were recorded in all business segments except docks.

In the first quarter of 1994, the motor oil division operating profits increased 34% to $5,204,000 from $3,884,000 last year while sales and operating revenues increased 19% to $122,749,000 from $102,743,000 in 1993. Branded motor oil volume increased 26% over 1993 to primarily account for the increase in revenues and operating profits. First quarter advertising, marketing, selling and freight expenses increased almost $10,000,000 over last year to partially offset the positive impact of the increased branded motor oil volume. In addition a $1,000,000 charge was recorded to reserve for probable expenses associated with the December 1993, lawsuit filed against the company for alleged violations at the Congo refinery (Refer to Note 4.). Automotive consumer product sales increased 32% while refinery base stock and fuels sales volume increased 15% and 5% over the first quarter of last year. The average sales price of refinery base stocks and fuels declined 5% and 9%.

The fast lube segment reported operating profits of $1,301,000 on sales and operating revenues of $26,159,000 in the first quarter of 1994 compared to profits of $345,000 on revenues of $25,202,000 last year. Car counts increased 5% while operating and administrative expenses decreased 2% and 8% to contribute to the improved results.

The oil and gas production segment reported first quarter operating profits of $1,836,000 in 1994 versus $1,824,000 in 1993. Sales and operating revenues amounted to $7,663,000 compared to $7,027,000 last year. Natural gas sales volume and average sales price increased 14% and 4% over the first quarter of 1993 while crude oil sales volume and average sales price was down 11% and 26%. Depreciation and depletion expenses were up $336,000 over last year due to the lower crude oil prices.

Heritage Insurance Group reported a 14% first quarter increase in operating profits to $2,157,000 from $1,899,000 last year. Revenues were $31,121,000 compared to $29,547,000 last year, or a 5% increase. Earned premiums increased 5% to $24,338,000 while investment income dropped 14% to $2,627,000. A realized investment loss of $17,000 was recorded in the first quarter and compared to a gain of $667,000 last year. The reduction in investment income and realized investment gains resulted from fourth quarter 1993 restructuring of the Life Company's investment portfolio and resulting realization of gains at that time.

Effective January 1, 1994 the company adopted Statement of Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities" which addresses the accounting and reporting for investments in equity securities that have readily determinable values and for investments in debt securities. This Standard did not have a material impact on the company's financial position and results of operations.

First quarter operating profits at Truck-Lite were $2,864,000 on sales of $24,660,000 compared to profits of $1,734,000 on sales of $20,926,000 last year. The strong demand for new truck and trailer vehicles along with high levels of new car sales, particularly sport utility vehicles, continues to increase sales volumes and improve operating results at Truck-Lite.

Corporate income of $521,000 in the first quarter of 1994 includes interest related to semi-annual supplemental payments to be received from 1994 to 2013 from the December 30, 1992 sale of certain coal assets to Arch Mineral Corporation. Corporate interest expense of $1,159,000 is down 21% from last year due to lower average debt in 1994. First quarter corporate expenses of $4,160,000 are up 17% primarily due to higher postretirement and other employee benefit expenses.

Cash provided by operations for the first three months of 1994 was $6,127,000 compared to cash used by operations of $1,126,000 in 1993. This increase resulted from higher net income and reduced working capital requirements. Net cash used by coal activities was $4,432,000 in the first quarter. Investing activities included proceeds from the sale of property and equipment of $2,137,000 of which $1,009,000 related to the discontinued coal operations. Investing activities also included capital expenditures of $4,003,000, proceeds from the sale of insurance company bonds and securities of $26,005,000 and disbursements to purchase insurance company bonds and securities of $34,626,000. Cash used in financing activities was $2,525,000 and included payments of $2,725,000 for dividends.

In April 1994, two purported class actions were commenced in the Federal District Court for the Western District of Pennsylvania against Witco Corporation, Quaker State Corporation and Pennzoil Company. The complaints allege violations of Section 1 of the Sherman Act. The company believes there is no basis for the allegations in the complaints and intends to defend these matters vigorously.

On April 28, 1994 the Board of Directors of the company authorized a quarterly dividend of 10 cents per share payable to shareholders of record as of May 16, 1994.

On May 12, 1994 the company and GE Capital Corporation signed a definitive agreement for the sale of Quaker State's wholly owned Heritage Insurance Group subsidiary to GE Capital for $85,000,000 in cash. Under the agreement, GE Capital will acquire 100 percent of the stock in Heritage. The transaction, subject to state and federal regulatory approval, is expected to close in the third quarter of this year. The company expects a gain from this transaction.

PART II.

OTHER INFORMATION

PART II
OTHER INFORMATION
QUAKER STATE CORPORATION AND SUBSIDIARIES

Item 1. Legal Proceedings.

In its annual report on Form 10-K for the year ended December 31, 1993, Quaker State reported that in October 1993, Larry Tucker and 13 other former salaried supervisory employees of Donaldson Mine Company, a subsidiary of Quaker State's subsidiary The Valley Camp Coal Company, instituted an action in the Circuit Court of Kanawha County, West Virginia against Quaker State, The Valley Camp Coal Company and Donaldson Mine Company. The suit alleges various causes of action related to the termination of the plaintiffs' employment with Donaldson Mine Company. In April 1994, the defendants removed this action to the Federal District Court for the Southern District of West Virginia.

Item 5. Other Information.

On May 12, 1994 Quaker State and General Electric Capital Corporation entered into a Stock Purchase Agreement under which General Electric Capital

Corporation agreed to purchase all of the outstanding capital stock of Heritage Insurance Group, Inc., a subsidiary of Quaker State, subject to state and federal regulatory approval. Quaker State reported certain information related to this matter under Item 5 on a current report on Form 8-K filed May 12, 1994.

Item 6. Exhibits and Reports on Form 8-K.

a) 10. Quaker State Corporation Annual Incentive Bonus Plan, filed herewith.

11. Computation of Net Income Per Share, filed herewith.

b) No reports on Form 8-K were filed by Quaker State during the quarter ending March 31, 1994.

QUAKER STATE CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUAKER STATE CORPORATION
(Registrant)

Date 5/13/94 By /s/ Herbert M. Baum

Herbert M. Baum
Chairman of the Board and
Chief Executive Officer

Date 5/13/94 By /s/ R. Scott Keefer

R. Scott Keefer
Vice President, Finance and
Chief Financial Officer

QUAKER STATE CORPORATION
EXHIBIT LIST

The following Exhibits are required to be filed with this quarterly report on Form 10-Q. The page number where such Exhibit may be found under the Commission's sequential numbering system is also indicated.

EXHIBIT NO. AND DOCUMENT	PAGE
10. Quaker State Corporation Annual Incentive Bonus Plan, filed herewith.	17-23

11. Computation of Net Income Per Share for the quarters ended March 31, 1994 and 1993, filed herewith. 11

Approved by the Organization &
Compensation Committee 2/24/94

QUAKER STATE CORPORATION
ANNUAL INCENTIVE BONUS PLAN

Purpose

The Annual Incentive Bonus Plan (the "Plan") of Quaker State corporation is an incentive compensation plan designed to enhance and reinforce Quaker State's profitable growth by providing key employees with cash reward based on attainment of predetermined goals. A further purpose of the Plan is to aid in obtaining, maintaining, and developing a management group capable of assuring Ouaker State's future success.

SECTION I
DEFINITIONS

(a) Award--the grant by the Committee to a participant of an opportunity to earn a cash bonus.

(b) Corporation--Quaker State Corporation.

(c) Committee--the Organization and Compensation committee appointed by the Board of the Corporation.

(d) Designated Beneficiary--the person or persons designated in writing by a participant as the recipient or recipients of any payments due under the Plan in the event of the participant's death. Such designation must be on file with the Committee in order to be effective, but may be changed from time to time by the participant.

(e) Participant--an employee who has been awarded a bonus under the Plan.

(f) Payment--the cash payment made to a participant.

(g) Performance Period--the fiscal year during which performance is measured.

(h) Performance Measures--the standards utilized by the Committee to measure performance.

(i) Performance Measure Goals (or Goals)--the objectives or points in the performance measures which when attained will cause bonuses to be earned

(j) Plan--this Annual Incentive Bonus Plan as adopted by the Committee.

SECTION II
ADHINISTRATION

The Plan will be administered under the supervision of the Committee. The Committee shall have full power and authority to determine if bonuses will be awarded in any particular year, to select participants from among those eligible, to determine the percentage of base salary for individual target bonuses, to set goals, and to adopt and revise such rules and procedures as it shall deem necessary for the administration of the Plan. The decision of the Committee with respect to any issues arising as to the administration and interpretation of this Plan shall be final, conclusive and binding.

SECTION III
DESCRIPTION OF PLAN

The Plan is a cash incentive plan providing for the award of bonuses to key employees to be earned if goals established by the Committee for performance measures are met for the fiscal year. In the case of executive officers with corporate-wide responsibility, the performance measures are corporate net

income or earnings per share as to 80% of the bonus and sales revenues as to 20% of the bonus. In the case of Presidents of individual business segments, the performance measures are operating unit earnings before income taxes ("EBIT") as to 60% of the bonus, sales revenues or sales volume as to 20% of the bonus, and corporate net income or earnings per share for 20% of bonus; and in the case of all other executive officers of operating units, the performance measures will be operating unit EBIT for 80% of the bonus and sales revenues or sales volume as to 20% of the bonus. The annual target bonuses range in 5% increments up to a maximum of 50% of base salary in effect when the bonus opportunities are awarded. In addition to target bonuses which pay out 100% of target, the bonuses include a threshold goal which pays out 50% of the target bonus and a maximum goal which pays out 150% of the target bonus. Bonuses are prorated within this range of 50% to 150% of target, depending on the extent to which the performance measure goals are achieved. Threshold, target and maximum goals for each performance measure will be established annually by the Ccmmittee, and it is expected that threshold goals will be established above the prior year's performance.

SECTION IV
PARTICIPATION

(a) Participation in the Plan shall be limited to key employees of the

Corporation and its subsidiaries who occupy positions of special responsibility and trust in the conduct of the business of the Corporation and subsidiaries. In awarding bonuses, the Committee shall consider the employee's position and potential impact on the business results and performance of the Corporation or its subsidiaries.

(b) The Chief Bxecutive Officer of the Corporation shall provide annually to the Committee in writing his recommendation of those employees who should participate in the Plan for a particular fiscal year. These recommendations are to be effective only after they have been approved by the Committee.

(c) In the event of a participant's termination of employment by reason of death, disability, retirement under any retirement plan of the Corporation or a subsidiary, voluntary termination with the consent of the Corporation or a subsidiary, or the participant becomes entitled to a severance benefit under the Company's Severance Pay Plan for Salaried and Hourly Non-Union Employees (the "Severance Plan"), the participant shall receive a pro rata share of any bonus awarded him or her for that fiscal year for which the performance measure goals are met. The pro rata share shall be based on the weeks worked in the year by the participant divided by the fifty-two. Whether the termination of employment is a voluntary termination with the consent of the Corporation or a subsidiary shall be determined by the Committee and any such determination shall be final and binding, but such terminations will be assumed to be voluntary unless the Committee by resolution determines to the contrary. If the participant either before or after termination of employment engages in employment with a competitor of the Corporation or its subsidiaries or solicits any employee of the Corporation or subsidiary to leave the employment thereof, no bonus shall be paid to the participant.

(d) In the event of a participant's termination of employment for reason other than death, disability, retirement under any retirement plan of

the Corporation or a subsidiary, voluntary termination with the consent of the Corporation or a subsidiary, or is not entitled to a severance benefit under the Severance Plan, all rights to the payment of a bonus under this Plan will cease to exist on the day of termination of employment.

SECTION V
COMMITTEE DETERMINATIONS

The Committee shall annually make the following determinations and take action if appropriate:

(a) Whether an annual bonus will be granted for the following fiscal year;

(b) The key employees who shall participate;

(c) The percentage of each participant's salary which will be paid out upon attaining threshold, target and maximum goals within the 50% maximum range established in this Plan.

(d) The goals for attaining threshold, target and maximum payout.

(e) Whether goals set for the past fiscal year have been attained.

SECTION VI
GOALS

The determination of whether goals are attained shall be at the discretion of the Committee. In making this determination, the Committee may consider the effect of acquisitions, divestitures, the impact of Financial Accounting Standards Board Statements and other unusual items.

SBCTION VII
PAYMENTS OF BONUSES

Bonuses under the Plan shall be payable in cash as soon as feasible after the close of the Performance Period. In the event of the death of the participant, bonuses will be paid to his or her Designated Beneficiary or the participant's estate in the absence of a Desiqnated Beneficiary.

SECTION VIII
EFFECTIVE DATE OF THE PLAN

The Plan will be effective as of January 1, 1994, and shall continue in effect until amended or terminated

SECTION IX
MISCELLANEOUS PROVISIONS

(a) Assignment or Transfer: No bonuses under the Plan or any rights or interests therein shall be assignable or transferable prior to payment by a participant nor subject to attachment, alienation, sale, pledge or encumbrance. During the lifetime of a participant, bonuses hereunder are payable only to the participant or his legally appointed Guardian.

(b) Communication of Bonuses: All bonuses awarded under the Plan shall immediately be communicated in writing to the participant along with a copy of the Plan.

(c) Withholding Taxes: The Corporation shall have the right to deduct from all bonuses paid hereunder any federal, state or local taxes required by law to be withheld with respect to such bonuses.

(d) Employment at Will: Neither the Plan nor any action taken hereunder shall be construed as giving a participant any right to be retained in the employment of the Corporation.

(e) Costs and Expenses: The costs and expenses of administering the Plan shall be borne by the Corporation and not charged to any bonus nor to any employee receiving a bonus.

(f) Amendments: The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any bonuses previously awarded under the Plan.

Computation of Net Income Per Share EXHIBIT 11

Quaker State Corporation and Subsidiaries

<TABLE>
<CAPTION>

For the quarter ended March 31 (in thousands except per share data, unaudited)	1994	1993
<S>	<C>	<C>
1.Net income	$8,783	$3,403
2.Average number of shares of capital stock outstanding	27,249	27,152
3.Shares issuable upon exercise of dilutive stock options outstanding during the period, based on average market prices	74	17
4.Shares issuable upon exercise of dilutive stock options outstanding during the period, based on higher of average or period-end market prices	74	22
5.Average number of capital and capital equivalent shares outstanding (2 + 3)	27,323	27,169
6.Average number of capital shares outstanding, assuming full dilution (2 + 4)	27,323	27,174
7.Net income per capital and capital equivalent share (1 divided by 5)	$.20	$.13
8.Net income per capital share assuming full dilution (1 divided by 6)	$.20	$.13

</TABLE>

The accompanying notes are an integral part of the financial statements.