




W. R. Grace & Co.

First Quarter 2012
Business Update

April 25, 2012

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This presentation contains forward-looking statements, that is, statements related to future, not past, events. Such statements generally include the words “believes,” “plans,” “intends,” “targets,” “will,” “expects,” “suggests,” “anticipates,” “outlook,” “continues” or similar expressions. Forward-looking statements include, without limitation, all statements regarding Grace’s Chapter 11 case; expected financial positions; results of operations; cash flows; financing plans; business strategy; budgets; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost reduction initiatives, plans and objectives; and markets for securities. For these statements, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Like other businesses, Grace is subject to risks and uncertainties that could cause its actual results to differ materially from its projections or that could cause other forward-looking statements to prove incorrect. Factors that could cause actual results to materially differ from those contained in the forward-looking statements include, without limitation: developments affecting Grace’s bankruptcy, proposed plan of reorganization and settlements with certain creditors, the cost and availability of raw materials (including rare earth) and energy, developments affecting Grace’s underfunded and unfunded pension obligations, risks related to foreign operations, especially in emerging regions, acquisitions and divestitures of assets and gains and losses from dispositions or impairments, the effectiveness of its research and development and growth investments, its legal and environmental proceedings, costs of compliance with environmental regulation and those factors set forth in Grace’s most recent Annual Report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission and are readily available on the Internet at www.sec.gov. Reported results should not be considered as an indication of future performance. Readers are cautioned not to place undue reliance on Grace’s projections and forward-looking statements, which speak only as of the date thereof. Grace undertakes no obligation to publicly release any revisions to the forward-looking statements contained in this presentation, or to update them to reflect events or circumstances occurring after the date of this presentation.

Non-GAAP Financial Terms

These slides contain certain “non-GAAP financial terms” which are defined in the Appendix.
Reconciliations of non-GAAP terms to the closest GAAP term (i.e., net income) are provided in the Appendix.

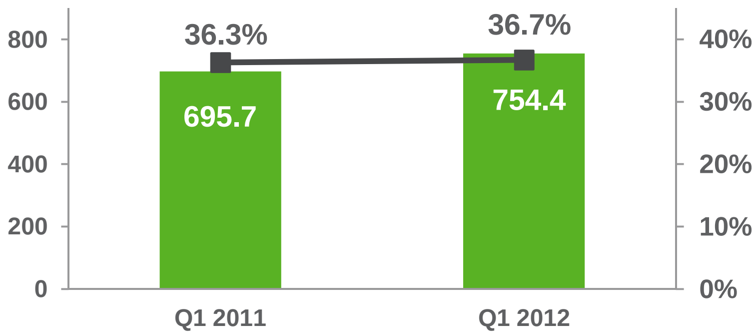
Opening Remarks – CEO Fred Festa

- Overview of Q1
- New Business Structure
- Moving the Business Forward
- Update on Emergence

Q1 2012 Financial Performance

Sales / Gross Margin

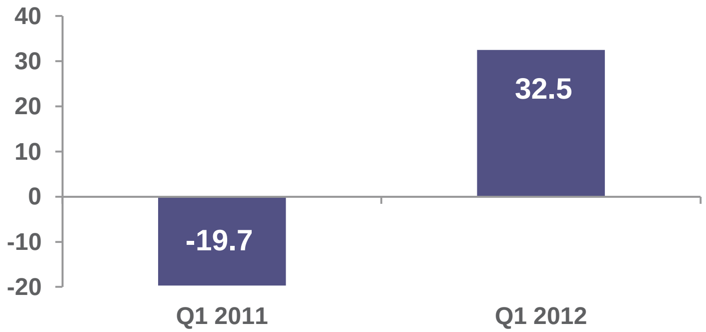
($M)



8.4% increase in Sales

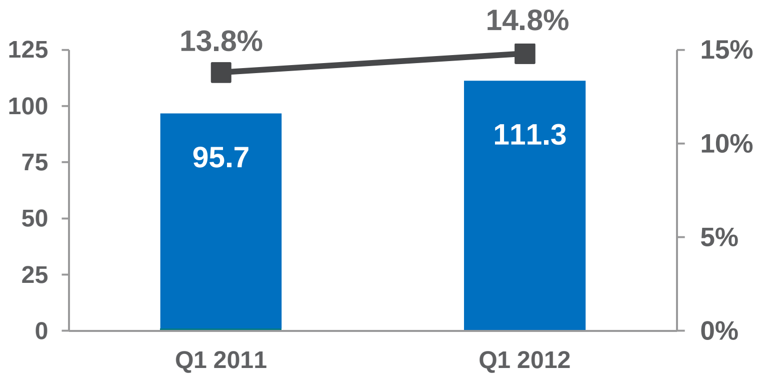
Adjusted Free Cash Flow*

($M)



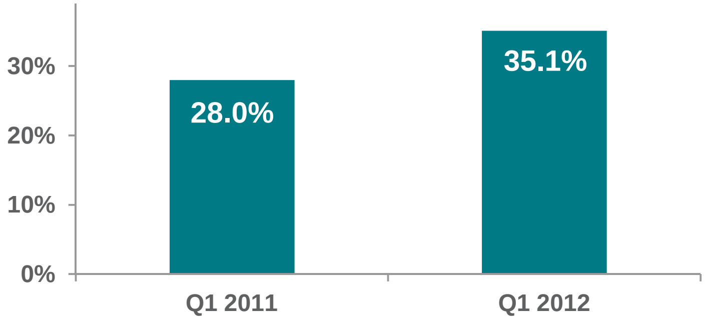
Adjusted EBIT* / Margin

($M)



16.3% increase in Adjusted EBIT

Adjusted EBIT Return on Invested Capital*



*Definitions of non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix

Grace Business Results* – Q1 2012

(in millions of dollars except EPS)	Q1 2011	Q1 2012	Y/Y Change	Q4 2011	Q/Q Change
Net Sales	695.7	754.4	8.4%	825.6	-8.6%
Gross Profit	252.4	277.1	9.8%	287.3	-3.6%
Gross Margin	36.3%	36.7%	40 bps	34.9%	180 bps
Adjusted EBIT	95.7	111.3	16.3%	108.2	2.9%
Adjusted EBIT Margin	13.8%	14.8%	100 bps	13.1%	170 bps
Adjusted EBITDA Margin	18.0%	18.7%	70 bps	16.8%	190 bps
Adjusted EBIT ROIC	28.0%	35.1%	710 bps	35.1%	Unchanged
GAAP EPS	0.72	0.80	11.1%	0.77	3.9%
Adjusted EPS	0.78	0.88	12.8%	0.89	-1.1%

*Definitions of non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix

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Catalysts Technologies – Q1 2012 Results

Discussion

- 10% improvement in base price due to new product adoption
- Refinery catalyst volumes impacted by Atlantic Basin refinery slowdowns and customer order patterns
- Customer adoption of newer technologies continued
- Volume and pricing improved for polyolefin catalysts
- Polypropylene catalysts continued to grow at double-digit rates
- ART equity income up $2 MM

(in millions of dollars)	Q1 2011	Q1 2012	Q4 2011	Y/Y Change
Sales	275.5	**313.2**	367.5	**13.6%**
Gross Margin	*40.1%*	***42.0%***	*38.0%*	***190 bps***
Operating Income	77.9	**99.2**	96.9	**27.3%**
Operating Margin	*28.3%*	***31.7%***	*26.4%*	***340 bps***

Factors Impacting Sales

Y/Y Change	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Volume	13.1%	7.0%	-0.1%	-1.3%	-0.9%
Price	12.9%	25.6%	40.2%	37.8%	16.0%
Currency	-1.0%	5.5%	6.9%	0.6%	-1.5%
Total	**25.0%**	**38.1%**	**47.0%**	**37.1%**	**13.6%**

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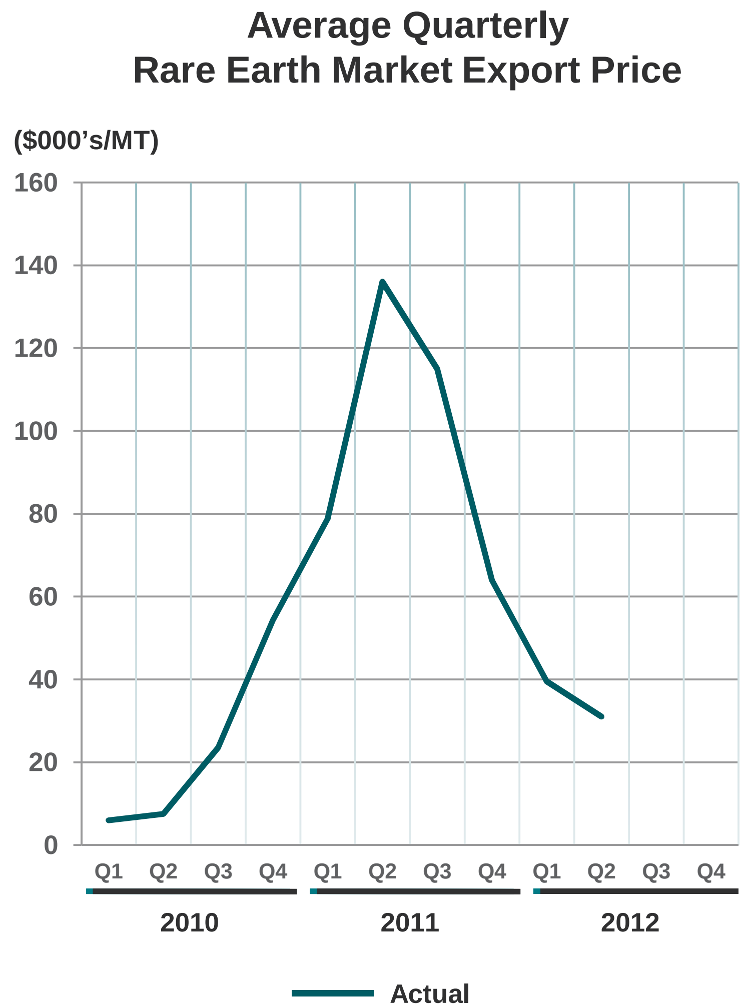
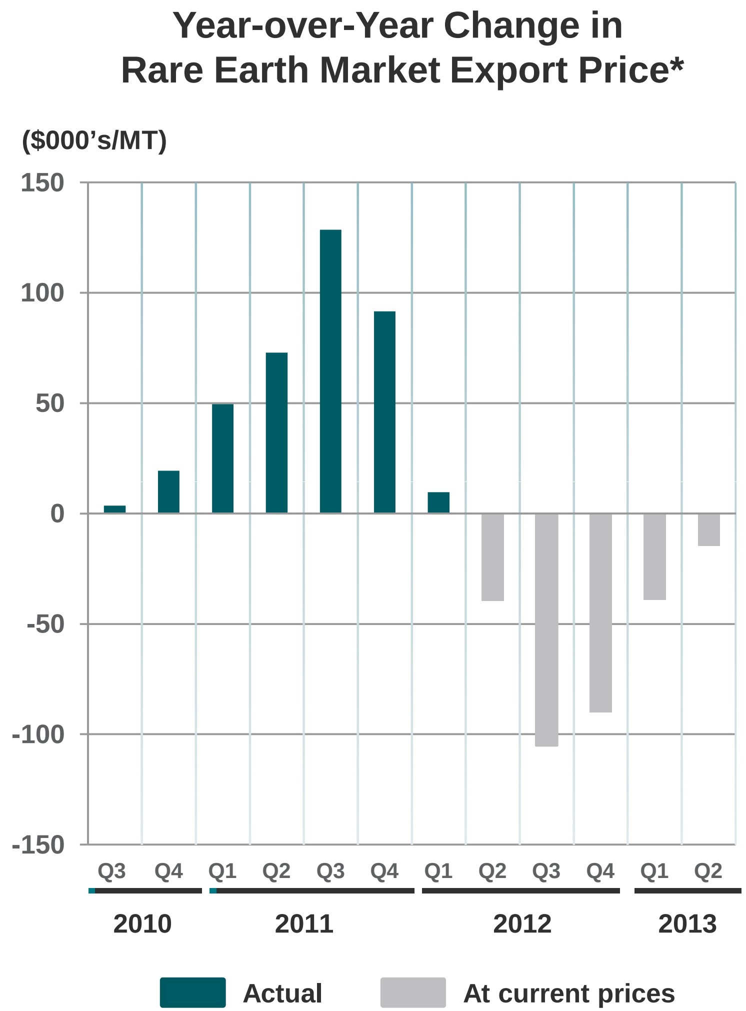
Impact of Rare Earth Volatility on Sales



Source: Asian Metals Index



* With one quarter surcharge lag applied

Materials Technologies – Q1 2012 Results

Discussion

- Packaging volumes up 11%; strong volume increases in all regions
- Engineered materials volumes declined, primarily in matting applications in Asia
- Competition in Chinese coatings market increasing
- Recovery plan in place to improve margins with top line growth and operational improvements

(in millions of dollars)	Q1 2011	Q1 2012	Q4 2011	Y/Y Change
Sales	212.4	**212.9**	204.5	**0.2%**
Gross Margin	*33.8%*	***31.7%***	*31.9%*	***-210 bps***
Operating Income	40.4	**35.8**	33.0	**-11.4%**
Operating Margin	*19.0%*	***16.8%***	*16.1%*	***-220 bps***

Factors Impacting Sales

Y/Y Change	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Volume	4.5%	-0.8%	-6.0%	-4.4%	-1.8%
Price	3.0%	5.0%	5.9%	4.9%	3.5%
Currency	0.0%	6.3%	7.2%	0.1%	-1.5%
Total	**7.5%**	**10.5%**	**7.1%**	**0.6%**	**0.2%**

Construction Products – Q1 2012 Results

Discussion

- 6th consecutive quarter of sales growth ; 5th consecutive quarter of operating income growth
- Sales in emerging regions (33% of total) increased 24% driven by strong specialty construction chemicals volumes
- North America sales increased 6%
- Western Europe declined 2%
- Cement demand trends in emerging regions very positive
- Full-year construction spending to be clearer by mid-to-late Q2

(in millions of dollars)	Q1 2011	Q1 2012	Q4 2011	Y/Y Change
Sales	207.6	**228.3**	253.6	**10.0%**
Gross Margin	*33.7%*	***34.2%***	*32.7%*	***50 bps***
Operating Income	16.3	**20.5**	21.2	**25.8%**
Operating Margin	*7.9%*	***9.0%***	*8.4%*	***110 bps***

Factors Impacting Sales

Y/Y Change	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Volume	1.7%	4.2%	13.1%	12.7%	7.9%
Price	2.1%	2.4%	3.1%	2.7%	3.3%
Currency	1.7%	5.0%	5.8%	-1.0%	-1.2%
Total	**5.5%**	**11.6%**	**22.0%**	**14.4%**	**10.0%**

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For additional information, please visit www.grace.com or contact:

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Appendix – Definitions and Reconciliations of Non-GAAP Measures

Non-GAAP Financial Terms

Adjusted EBIT (Earnings Before Interest and Taxes) is net income adjusted for interest income and expense, income taxes, net Chapter 11- and asbestos-related costs, restructuring expenses and related asset impairments, divestment expenses, and gains and losses on sales of product lines and other investments.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is Adjusted EBIT plus depreciation and amortization expenses.

Segment Operating Income is Adjusted EBIT adjusted for defined benefit pension expense and corporate costs.

Adjusted Free Cash Flow is net cash provided by or used for operating activities minus capital expenditures plus the net cash flow from Chapter 11 expenses paid, cash paid to resolve contingencies subject to Chapter 11, accelerated payments under defined pension arrangements, and expenditures for asbestos-related environmental remediation.

Adjusted EBIT Return On Invested Capital is Adjusted EBIT (on a trailing four quarters basis) divided by the sum of net working capital, properties and equipment and certain other assets and liabilities.

Adjusted EBIT, Adjusted EBITDA, Adjusted EPS, Segment Operating Income, Adjusted Free Cash Flow and Adjusted EBIT Return On Invested Capital do not purport to represent income or cash flow measures as defined under U.S. generally accepted accounting principles (GAAP), and should not be used as alternatives to such measures as an indicator of Grace's performance. These measures are provided to investors and others to improve the period-to-period comparability and peer-to-peer comparability of Grace's financial results, and to ensure that investors understand the information we use to evaluate the performance of our businesses.

Adjusted EBIT has material limitations as an operating performance measure because it excludes Chapter 11- and asbestos-related costs and may exclude income and expenses from restructuring and divestment activities, which historically have been material components of Grace's net income. Adjusted EBITDA also has material limitations as an operating performance measure because it excludes the impact of depreciation and amortization expense. Grace's business is substantially dependent on the successful deployment of capital, and depreciation and amortization expense is a necessary element of Grace's costs. Adjusted Free Cash Flow also has material limitations as a liquidity measure because it excludes the cash flow effects of capital expenditures plus the net cash flow from Chapter 11 expenses paid, cash paid to resolve contingencies subject to Chapter 11, accelerated payments under defined pension arrangements, and expenditures for asbestos-related environmental remediation, which historically have been material components of Grace's operations. Grace compensates for the limitations of these measurements by using these indicators together with net income as measured under GAAP to present a complete analysis of its results of operations. Adjusted EBIT, Adjusted EBITDA and Adjusted Free Cash Flow should be evaluated together with net income measured under GAAP for a complete understanding of Grace's results of operations. Investors should evaluate these measures in conjunction with Grace's Consolidated Financial Statements as presented in Grace's annual reports on Form 10-K for a more complete analysis of its financial results.

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Appendix – Reconciliation of Non-GAAP Financial Measures (continued)

	2010	2011	Q1 2011	Q1 2012
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$95.7**	**$111.3**
Adjustments:				
Chapter 11- and asbestos-related costs, net	(35.3)	(44.7)	(5.7)	(5.2)
Divestment expenses	0.0	(0.4)	0.0	(0.2)
Restructuring expenses and related asset impairments	(11.2)	(6.9)	(0.2)	(3.0)
Gains (loss) on sales of product lines and gain related to the sale of interest in an unconsolidated affiliate	0.0	(0.4)	0.0	0.0
EBIT	**279.9**	**426.2**	**89.8**	**102.9**
Benefit from (provision for) income taxes	(32.5)	(114.7)	(25.5)	(11.3)
Interest income of non-Debtor subsidiaries	1.0	1.2	0.3	0.1
Interest expense	(41.3)	(43.3)	(10.4)	(30.8)
Net Income (GAAP)	**$207.1**	**$269.4**	**$54.2**	**$60.9**
Chapter 11- and asbestos-related costs, net:				
Chapter 11 expenses, net of filing entity interest income	$17.7	$20.0	$5.8	$4.5
Legal defense costs	0.1	0.0	0.0	0.0
Asbestos administration costs	6.1	4.5	1.1	1.2
Provision for environmental remediation related to asbestos	3.7	16.3	0.2	0.0
Payments from insurance carriers related to asbestos activities	0.0	0.0	0.0	0.0
D&O insurance cost related to Chapter 11	3.5	0.3	0.4	0.1
Chapter 11 financing related:*				
Translation effects - intercompany loans	25.2	11.7	(19.7)	(9.6)
Value of currency forward contracts - intercompany loans	(25.4)	(9.3)	16.5	8.1
Certain other currency translation costs, net	4.3	1.2	1.4	0.9
COLI income, net	0.1	0.0	0.0	0.0
Chapter 11- and asbestos-related costs, net	**$35.3**	**$44.7**	**$5.7**	**$5.2**

* Due to its bankruptcy, Grace has had significant intercompany loans between its non-U.S. subsidiaries and its U.S. debtor subsidiaries that are not related to its operating activities. In addition Grace has accumulated significant cash balances during its bankruptcy. The intercompany loans are expected to be paid when Grace emerges from bankruptcy, and excess cash balances are expected to be used to fund a significant portion of Grace's emergence from bankruptcy. Accordingly, income and expense items related to the intercompany loans and the cash balances are categorized as Chapter 11- and asbestos-related costs, net.

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Appendix – Reconciliation of Non-GAAP Financial Measures (continued)

Adjusted EBIT By Operating Segment:	2010	2011	Q1 2011	Q1 2012
Grace Catalysts Technologies segment operating income	$239.6	$388.8	$77.9	$99.2
Grace Materials Technologies segment operating income	160.0	158.7	40.4	35.8
Grace Construction Products segment operating income	89.9	97.3	16.3	20.5
Corporate support functions (including performance based compensation)	(63.6)	(74.8)	(16.8)	(19.7)
Other corporate costs (including environmental remediation)	(22.4)	(28.0)	(5.6)	(5.7)
Defined benefit pension expense	(77.1)	(63.4)	(16.5)	(18.8)
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$95.7**	**$111.3**

Adjusted Free Cash Flow:	2010	2011	Q1 2011	Q1 2012
Net cash provided by operating activities	**$327.7**	**$217.0**	**($180.4)**	**($31.7)**
Capital expenditures	(112.9)	(141.6)	(23.4)	(25.0)
Chapter 11 expenses paid	28.6	20.6	3.8	3.2
Cash paid to resolve contingencies subject to Chapter 11	-	-	-	-
Accelerated defined benefit pension plan contributions	-	180.0	180.0	83.4
Expenditures for asbestos-related environmental remediation	2.8	2.4	0.3	2.6
Adjusted Free Cash Flow (Non-GAAP)	**$246.2**	**$278.4**	**($19.7)**	**$32.5**

Adjusted EBIT Return On Invested Capital (trailing four quarters):	2010	2011	Q1 2011	Q1 2012
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$357.8**	**$494.2**
Trade accounts receivable	386.1	473.0	446.3	471.7
Inventories	259.3	329.1	303.6	358.5
Accounts payable	(215.6)	(257.6)	(264.2)	(263.6)
Net working capital	**429.8**	**544.5**	**485.7**	**566.6**
Other current assets	74.9	82.6	79.4	71.8
Properties and equipment, net	702.5	723.5	713.0	726.8
Goodwill	125.5	148.2	129.2	150.4
Other assets	153.9	174.1	150.4	176.0
Other current liabilities	(229.1)	(259.6)	(224.1)	(225.2)
Other liabilities	(58.3)	(60.9)	(54.3)	(57.5)
Total invested capital	**$1,199.2**	**$1,352.4**	**$1,279.3**	**$1,408.9**
Adjusted EBIT Return On Invested Capital (Non-GAAP)	**27.2%**	**35.4%**	**28.0%**	**35.1%**

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Appendix – Reconciliation of Non-GAAP Financial Measures (continued)

Three Months Ended March 31, 2012

(in millions, except per share amounts)	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.80**
Restructuring charges and related asset impairments	$ 3.0	$ 1.0	$ 2.0	0.03
Chapter 11- and asbestos-related costs, net	5.2	1.3	3.9	0.05
Discrete tax items:				
Adjustments to uncertain tax positions		(0.2)	0.2	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.88**

Three Months Ended March 31, 2011

	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.72**
Restructuring charges and related asset impairments	$ 0.2	$ -	$ 0.2	-
Chapter 11- and asbestos-related costs, net	5.7	1.4	4.3	0.06
Discrete tax items:				
Adjustments to uncertain tax positions		-	-	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.78**

Note (A): In the above chart Grace presents its Adjusted Diluted Earnings Per Share (EPS). Adjusted EPS means Diluted EPS adjusted for restructuring expenses and related asset impairments, Chapter 11- and asbestos-related costs, net, gains on sales of product lines and certain discrete tax items. Adjusted EPS does not purport to represent Diluted EPS as defined under United States generally accepted accounting principles, and should not be considered as an alternative to such measures as an indicator of Grace's performance. This measure is provided to distinguish the operating results of Grace's current business base from the income and expense items related to restructuring expenses and related asset impairments, Chapter 11- and asbestos-related costs, net, gains on sales of product lines and certain discrete tax items.

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