

W. R. Grace & Co.

**Third Quarter 2013
Business Update**

October 23, 2013

GRACE

Enriching Lives, *Everywhere*.[®]

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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.

Highlights

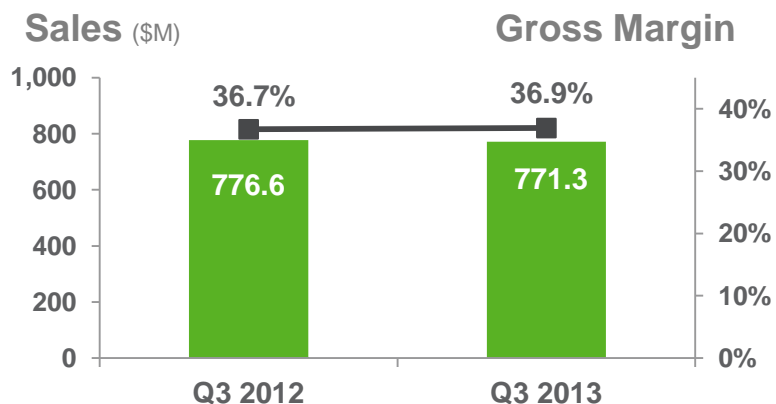
- Solid performance in Q3
 - Double-digit earnings growth in Materials and Construction offset weaker Catalysts segment
 - Commercialization of new FCC catalyst technologies well underway
- UNIPOL™ a strong addition to our specialty catalyst portfolio
- All segments positioned for growth in 2014
- Chapter 11 update

Acquisition of UNIPOL™ PP Process Licensing & Catalyst Business

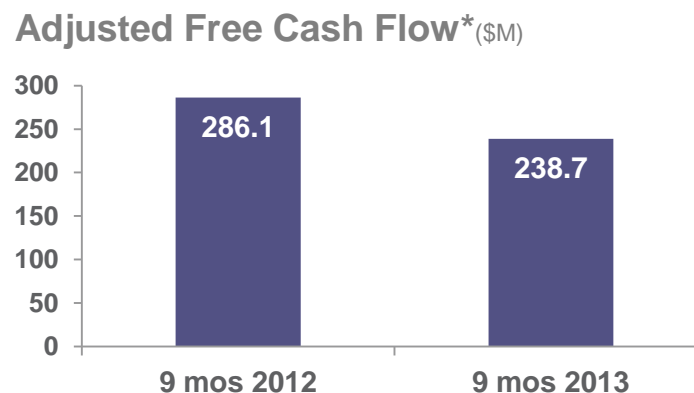
- Rare opportunity to acquire a catalyst business of significant size and quality
- Strong strategic fit
 - Adds great technology and people to our specialty catalyst portfolio
 - Cost and capital synergies
- Closing expected before year end, pending regulatory approvals
 - Closing costs and any earnings not yet included in our 2013 Adjusted EBIT outlook
- Cash purchase at closing; Adds to financing requirement at emergence
- Continue our intent to return cash to shareholders post-emergence

Confidentiality agreement precludes disclosure of financial and valuation information prior to closing; We will update after closing

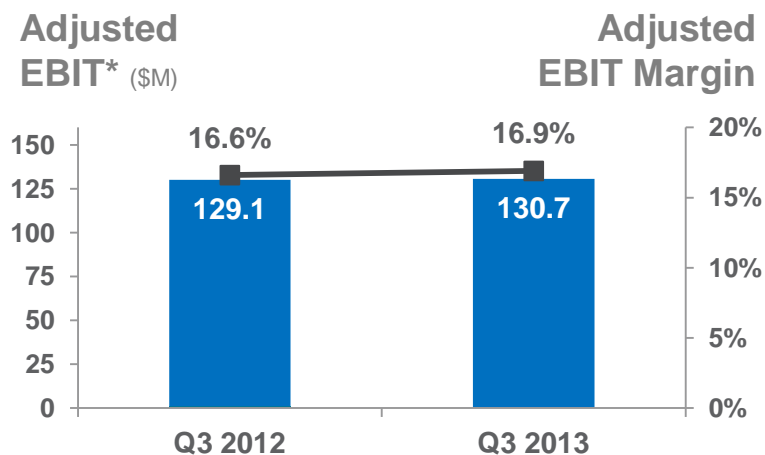
Q3 2013 Financial Performance



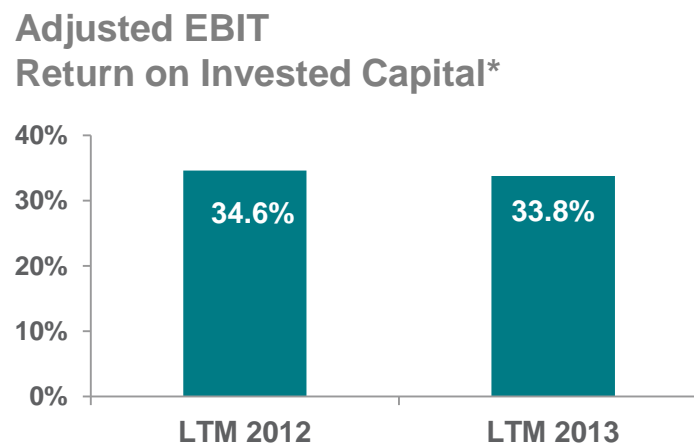
Lower FCC volumes and rare earth surcharge



2012 includes significant benefit from lower rare earth costs



Double-digit growth in Materials Technologies and Construction Products



Decrease due to lower LTM earnings in Catalysts Technologies

Grace Business Results* – Q3 2013

(in millions of dollars except EPS)	Q3 2012	Q3 2013	Y/Y Change	Q2 2013	Q/Q Change
Net Sales	776.6	771.3	-0.7%	802.8	-3.9%
Gross Profit	284.8	284.7	0.0%	303.3	-6.1%
Gross Margin	36.7%	36.9%	20 bps	37.8%	-90 bps
Adjusted EBIT	129.1	130.7	1.2%	142.1	-8.0%
Adjusted EBIT Margin	16.6%	16.9%	30 bps	17.7%	-80 bps
Adjusted EBITDA Margin	20.4%	20.8%	40 bps	21.5%	-70 bps
Adjusted EBIT ROIC	34.6%	33.8%	-80 bps	33.6%	20 bps
Diluted EPS	0.99	0.89	-10.1%	1.07	-16.8%
Adjusted EPS	1.04	1.07	2.9%	1.12	-4.5%

Y/Y and sequential results impacted by lower FCC catalysts sales

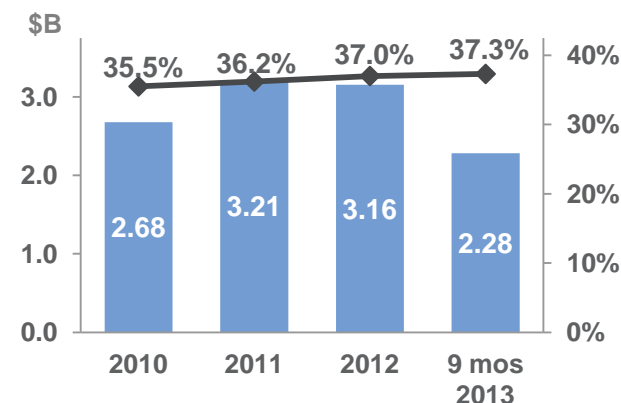
Grace Business Results* – 9 months 2013

(in millions of dollars except EPS)	9 mos 2012	9 mos 2013	Y/Y Change
Net Sales	2357.7	2284.0	-3.1%
Gross Profit	866.0	851.8	-1.6%
Gross Margin	36.7%	37.3%	60 bps
Adjusted EBIT	384.0	377.7	-1.6%
Adjusted EBIT Margin	16.3%	16.5%	20 bps
Adjusted EBITDA Margin	20.1%	20.6%	50 bps
Adjusted EBIT ROIC	34.6%	33.8%	-80 bps
Diluted EPS	2.70	2.64	-2.2%
Adjusted EPS	3.07	3.00	-2.3%

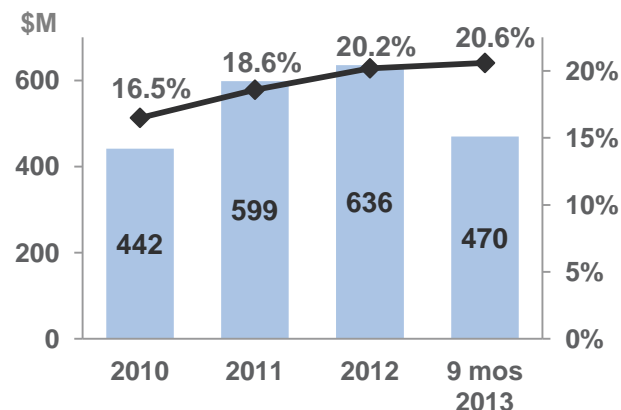
Margins remain strong

Track Record of Increasing Profitability

Sales and Gross Margin



Adjusted EBITDA*



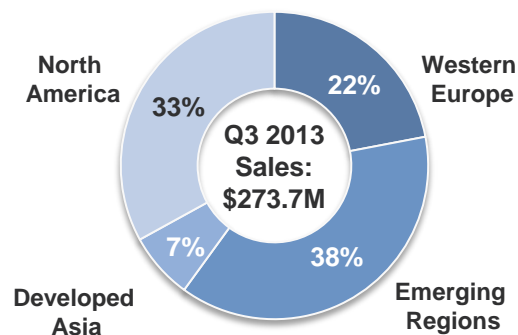
Catalysts Technologies – Q3 2013 Results

- Q3 earnings slightly ahead of expectations
- New FCC product technologies on track; Customer trials underway
- FCC catalyst volumes down ~8%; Lower rare earth costs impacted pricing by ~8%
- Specialty catalysts volumes up ~12%; Pricing up ~5%
- ART equity income down due to lumpy HPC order pattern; ART income up 24% YTD

(in millions of dollars)	Q3 2012	Q3 2013	Q2 2013	Y/Y Change	Q/Q Change
Sales	298.9	273.7	290.9	-8.4%	-5.9%
Gross Margin	40.5%	39.2%	42.0%	-130 bps	-280 bps
Operating Income	92.0	77.4	93.8	-15.9%	-17.5%
Operating Margin	30.8%	28.3%	32.2%	-250 bps	-390 bps

Factors Impacting Sales

Y/Y Change	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Volume	0.4%	8.0%	-0.4%	-1.5%	-3.6%
Price	-14.9%	-16.9%	-14.1%	-9.4%	-6.6%
Currency	-4.5%	-1.8%	-0.2%	-0.6%	1.8%
Total	-19.0%	-10.7%	-14.7%	-11.5%	-8.4%



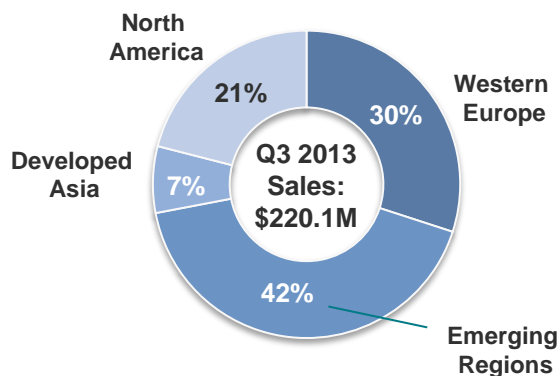
Materials Technologies – Q3 2013 Results

- Earnings up 18%
- Engineered materials sales up 5%; Growth in all major regions
- Packaging technologies sales strong in emerging Asia but negative in developed regions; currency unfavorable to top line
- Gross margin increased 200 bps on pricing and cost improvements
- Operating margin up 270 bps on improved gross margin and good expense control

(in millions of dollars)	Q3 2012	Q3 2013	Q2 2013	Y/Y Change	Q/Q Change
Sales	214.4	220.1	228.7	2.7%	-3.8%
Gross Margin	32.8%	34.8%	33.7%	200 bps	110 bps
Operating Income	39.8	46.8	44.8	17.6%	4.5%
Operating Margin	18.6%	21.3%	19.6%	270 bps	170 bps

Factors Impacting Sales

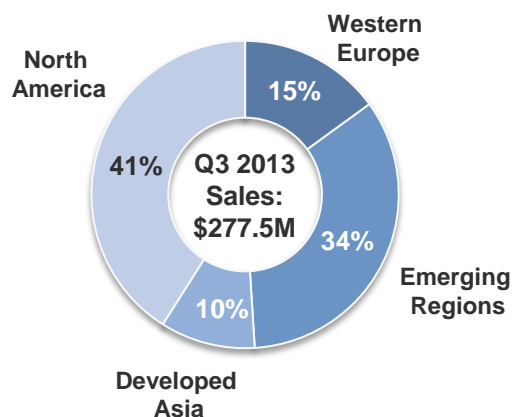
Y/Y Change	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Volume	4.2%	5.0%	-0.1%	1.8%	0.6%
Price	0.6%	0.9%	1.8%	2.5%	2.2%
Currency	-8.2%	-3.2%	-1.2%	-2.3%	-0.2%
Total	-3.4%	2.7%	-0.5%	2.0%	2.7%



Construction Products – Q3 2013 Results

- Earnings up 24%
- Commercial SBM sales up double-digits in NA, Europe and AP
- SCC sales up ~3% in U.S.; Monthly activity accelerating after wet Q2
- Western Europe sales up; Gross margin up significantly due to pricing, productivity and restructuring actions
- YTD operating margin at 14.4%, surpassing 2007 peak of 14.1%

(in millions of dollars)	Q3 2012	Q3 2013	Q2 2013	Y/Y Change	Q/Q Change
Sales	263.3	277.5	283.2	5.4%	2.0%
Gross Margin	35.4%	36.3%	36.8%	90 bps	-50 bps
Operating Income	36.7	45.6	45.3	24.3%	0.7%
Operating Margin	13.9%	16.4%	16.0%	250 bps	40 bps



Factors Impacting Sales

Y/Y Change	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Volume	1.1%	2.8%	0.5%	3.6%	6.2%
Price	1.1%	0.8%	1.2%	1.8%	2.3%
Currency	-5.8%	-1.3%	-1.6%	-2.0%	-3.1%
Total	-3.6%	2.3%	0.1%	3.4%	5.4%

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

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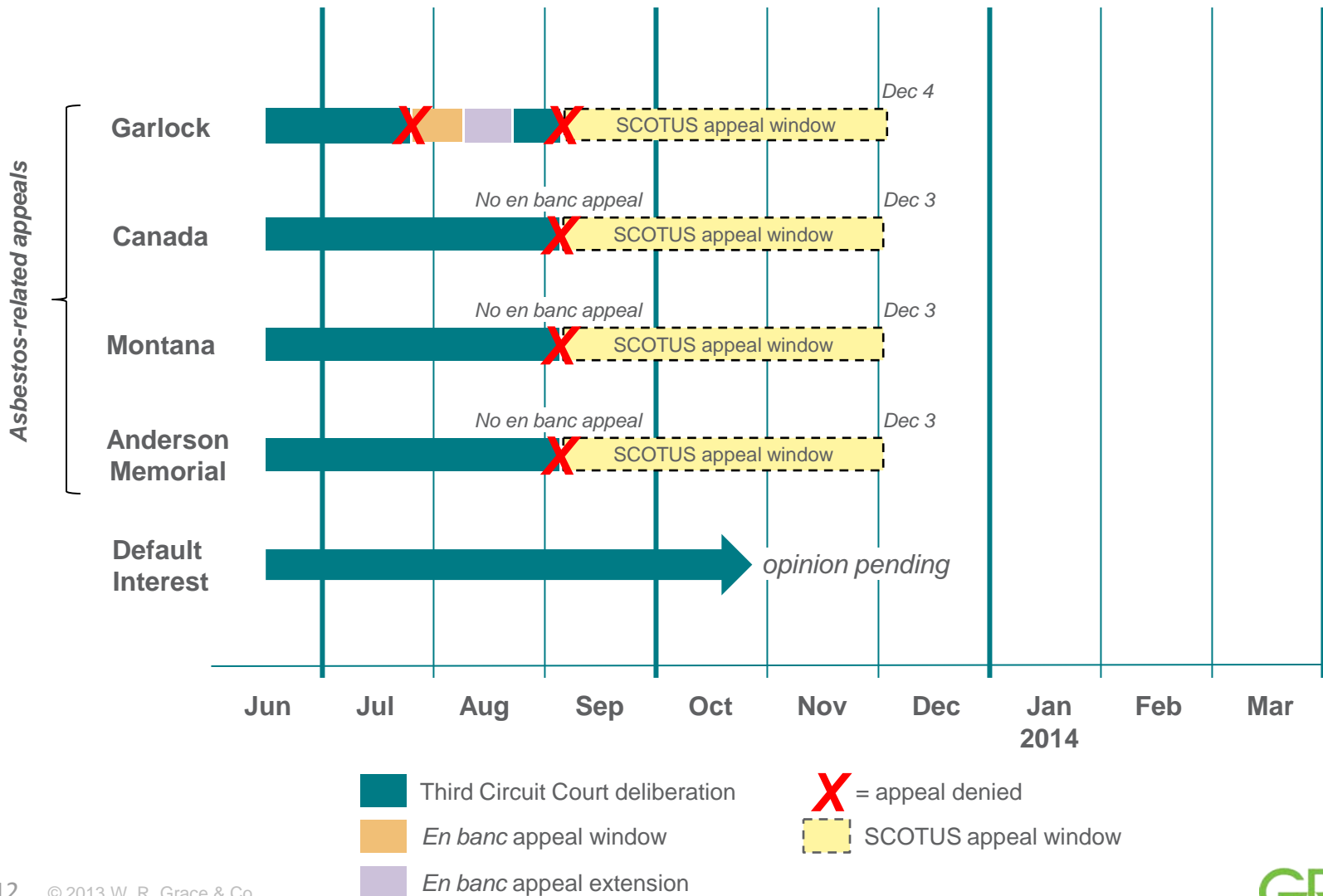
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Appendix I: Timeline for Resolution of Remaining Appeals

as of October 23, 2013



Appendix II: Definitions and Reconciliations of Non-GAAP Measures

Non-GAAP Financial Terms

Adjusted EBIT means net income adjusted for interest income and expense, income taxes, costs related to Chapter 11, asbestos-related costs, restructuring expenses and related asset impairments, certain costs related to divested businesses, product lines, and certain other investments and gains and losses on sales of businesses, product lines, and certain other investments. In the 2013 first quarter, we also adjusted for the currency transaction loss incurred on our Venezuelan cash balances of \$6.9 million.

Adjusted EBITDA means Adjusted EBIT adjusted for depreciation and amortization.

Adjusted Free Cash Flow means net cash provided by or used for operating activities minus capital expenditures plus the net cash flow from costs related to Chapter 11, cash paid to resolve contingencies subject to Chapter 11, accelerated payments under defined benefit pension arrangements, and expenditures for asbestos-related items. Grace uses Adjusted Free Cash Flow as a liquidity measure to evaluate its ability to generate cash to support its ongoing business operations, to invest in its businesses, and to provide a return of capital to shareholders. 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 items, which historically have been material components of our operations. Adjusted Free Cash Flow should be evaluated together with net cash provided by or used for operating activities as measured under GAAP for a complete understanding of Grace's operating cash flows.

Adjusted Earnings Per Share (EPS) means Diluted EPS adjusted for costs related to Chapter 11, asbestos-related costs, restructuring expenses and related asset impairments, certain costs related to divested businesses, product lines, and certain other investments and gains and losses on sales of businesses, product lines, and certain other investments, and certain discrete tax items. In the 2013 first quarter, we also adjusted for the currency transaction loss incurred on our Venezuelan cash balances of \$0.09 per share.

Adjusted EBIT Return On Invested Capital means 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.

We use Adjusted EBIT as a performance measure in significant business decisions and in determining certain incentive compensation. We use Adjusted EBIT as a performance measure because it provides improved period-to-period comparability for decision making and compensation purposes, and because it better measures the ongoing earnings results of our strategic and operating decisions by excluding the earnings effects of our Chapter 11 proceedings, asbestos liabilities, restructuring activities, and divested businesses.

Adjusted EBIT, Adjusted EBITDA, Adjusted Free Cash Flow, Adjusted EPS, and Adjusted EBIT Return On Invested Capital do not purport to represent income measures as defined under U.S. GAAP, and should not be used as alternatives to such measures as an indicator of our performance. These measures are provided to investors and others to improve the period-to-period comparability and peer-to-peer comparability of our financial results, and to ensure that investors understand the information we use to evaluate the performance of our businesses. We have provided in the following tables a reconciliation of these non-GAAP measures to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

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 activities and divested businesses, which historically have been material components of our net income. Adjusted EBITDA also has material limitations as an operating performance measure because it excludes the impact of depreciation and amortization expense. Our business is substantially dependent on the successful deployment of capital, and depreciation and amortization expense is a necessary element of our costs. We compensate for the limitations of these measurements by using these indicators together with net income as measured under U.S. GAAP to present a complete analysis of our results of operations. Adjusted EBIT and Adjusted EBITDA should be evaluated together with net income measured under U.S. GAAP for a complete understanding of our results of operations.

Appendix II: Reconciliation of Non-GAAP Financial Measures (continued)

	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Adjusted EBIT (Non-GAAP)	\$326.4	\$478.6	\$517.4	\$111.3	\$143.6	\$129.1	\$133.4	\$104.9	\$142.1	\$130.7
Adjustments:										
Costs related to Chapter 11	(25.5)	(23.9)	(15.6)	(4.0)	(22.9)	(3.8)	(4.5)	(3.8)	(3.3)	(3.9)
Asbestos-related costs	(9.8)	(20.8)	(392.2)	(1.2)	(2.3)	(1.9)	(367.2)	(2.1)	(2.1)	(2.5)
Restructuring expenses and related asset impairments	(11.2)	(6.9)	(6.9)	(3.0)	(2.3)	(1.1)	(0.5)	(0.8)	(4.3)	(3.6)
Certain costs related to divested businesses	0.0	(0.4)	(0.2)	(0.2)	0.0	0.0	0.0	0.0	0.0	(1.0)
Currency transaction loss on cash in Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.9)	0.0	0.0
Gains (losses) on sales of businesses, product lines, and certain other investments	0.0	(0.4)	(0.2)	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0
EBIT	279.9	426.2	102.3	102.9	116.1	122.1	(238.8)	91.3	132.4	119.7
Benefit from (provision for) income taxes	(32.5)	(114.7)	37.3	(30.8)	(35.8)	(35.4)	139.3	(28.1)	(38.8)	(39.8)
Interest income of non-Debtor subsidiaries	1.0	1.2	1.0	0.1	0.3	0.3	0.3	0.2	0.1	0.2
Interest expense	(41.3)	(43.3)	(46.5)	(11.3)	(11.3)	(11.5)	(12.4)	(10.5)	(10.9)	(10.7)
Net Income (GAAP)	\$207.1	\$269.4	\$94.1	\$60.9	\$69.3	\$75.5	(\$111.6)	\$52.9	\$82.8	\$69.4
Costs related to Chapter 11										
Chapter 11 expenses, net of filing entity interest income	\$17.7	\$20.0	\$16.6	\$4.5	\$3.7	\$4.4	\$4.0	\$4.8	\$3.3	\$2.9
D&O insurance cost related to Chapter 11	3.5	0.3	0.3	0.1	0.0	0.1	0.1	0.1	0.0	0.1
Legal defense costs	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation effects - intercompany loans	25.2	11.7	(5.6)	(9.6)	17.1	(5.2)	(7.9)	7.4	(3.9)	(10.1)
Value of currency forward contracts - intercompany loans	(25.4)	(9.3)	3.7	8.1	(16.8)	4.7	7.7	(7.7)	3.5	9.9
Certain other currency translation costs, net	4.3	1.2	0.6	0.9	(0.6)	(0.3)	0.6	(0.8)	0.4	1.1
COLI income, net	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to Chapter 11	\$25.5	\$23.9	\$15.6	\$4.0	\$3.4	\$3.7	\$4.5	\$3.8	\$3.3	\$3.9

* 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 costs related to Chapter 11.

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

Adjusted EBIT By Operating Segment:	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Grace Catalysts Technologies segment operating income	\$239.6	\$388.8	\$393.8	\$98.9	\$100.3	\$92.0	\$102.6	\$77.2	\$93.8	\$77.4
Grace Materials Technologies segment operating income	160.0	158.7	162.0	36.1	46.4	39.8	39.7	44.3	44.8	46.8
Grace Construction Products segment operating income	89.9	97.3	125.2	20.5	35.5	36.7	32.5	22.8	45.3	45.6
Corporate support functions	(63.6)	(74.8)	(66.3)	(19.7)	(15.1)	(16.0)	(15.5)	(16.2)	(17.4)	(15.6)
Other corporate costs (including environmental remediation)	(22.4)	(28.0)	(26.1)	(5.7)	(6.7)	(5.8)	(7.9)	(4.6)	(6.3)	(5.3)
Defined benefit pension expense	(77.1)	(63.4)	(71.2)	(18.8)	(16.8)	(17.6)	(18.0)	(18.6)	(18.1)	(18.2)
Adjusted EBIT (Non-GAAP)	\$326.4	\$478.6	\$517.4	\$111.3	\$143.6	\$129.1	\$133.4	\$104.9	\$142.1	\$130.7
Adjusted Free Cash Flow:	2010	2011	2012	Q3 2012	Q3 2013					
Net cash provided by (used for) operating activities	\$325.9	\$219.4	\$453.6	\$292.4	\$291.0					
Capital expenditures	(111.1)	(144.0)	(138.5)	(103.6)	(117.9)					
Free Cash Flow	214.8	75.4	315.1	188.8	173.1					
Chapter 11 expenses paid	28.6	20.6	15.5	9.9	11.2					
Accelerated defined benefit pension plan contributions	-	180.0	83.4	83.4	50.0					
Expenditures for asbestos-related items	2.8	2.4	7.2	4.0	4.4					
Adjusted Free Cash Flow (Non-GAAP)	\$246.2	\$278.4	\$421.2	\$286.1	\$238.7					
Adjusted EBIT Return On Invested Capital (trailing four quarters):	2010	2011	2012	Q3 2012	Q3 2013					
Adjusted EBIT (Non-GAAP)	\$326.4	\$478.6	\$517.4	\$492.2	\$511.1					
Trade accounts receivable	386.1	473.0	490.4	483.4	483.9					
Inventories	259.3	329.1	278.6	309.0	314.8					
Accounts payable	(215.6)	(257.6)	(252.0)	(253.2)	(260.3)					
Net working capital	429.8	544.5	517.0	539.2	538.4					
Other current assets	74.9	82.6	62.4	78.2	82.5					
Properties and equipment, net	702.5	723.5	770.5	735.4	787.8					
Goodwill	125.5	148.2	196.7	170.0	204.0					
Investment in unconsolidated affiliate	56.4	70.8	85.5	81.2	90.8					
Other assets	97.5	103.3	107.2	122.5	113.0					
Other current liabilities	(223.1)	(254.0)	(252.3)	(247.4)	(248.1)					
Other liabilities	(58.3)	(60.9)	(56.5)	(54.5)	(57.1)					
Total invested capital	\$1,205.2	\$1,358.0	\$1,430.5	\$1,424.6	\$1,511.3					
Adjusted EBIT Return On Invested Capital (Non-GAAP)	27.1%	35.2%	36.2%	34.6%	33.8%					

Appendix II: Reconciliation of Non-GAAP Financial Measures (continued)

(in millions, except per share amounts)	Three Months Ended September 30,					Three Months Ended September 30,				
	2013					2012				
	Pre-Tax	Tax at Actual Rate		After-Tax	Per Share	Pre-Tax	Tax at Actual Rate		After-Tax	Per Share
Diluted Earnings Per Share (GAAP)					\$ 0.89					\$ 0.99
Costs related to Chapter 11	\$ 3.9	\$ 1.1	\$ 2.8		0.04	\$ 3.7	\$ 1.1	\$ 2.6		0.03
Asbestos-related costs	2.5	0.5	2.0		0.03	2.0	0.5	1.5		0.02
Restructuring expenses and related asset impairments	3.6	1.2	2.4		0.03	1.1	0.3	0.8		0.01
Loss on sale of divested businesses	1.0	0.4	0.6		0.01	0.2	-	0.2		-
Discrete tax items:										
Discrete tax items, including adjustments to uncertain tax positions		(5.4)	5.4		0.07		0.8	(0.8)		(0.01)
Adjusted Earnings Per Share (non-GAAP) (A)					\$ 1.07					\$ 1.04
	Nine Months Ended September 30,					Nine Months Ended September 30,				
	2013					2012				
	Pre-Tax	Tax at Actual Rate		After-Tax	Per Share	Pre-Tax	Tax at Actual Rate		After-Tax	Per Share
Diluted Earnings Per Share (GAAP)					\$ 2.64					\$ 2.70
Costs related to Chapter 11	\$ 11.0	\$ 2.8	\$ 8.2		0.11	\$ 11.1	\$ 3.0	\$ 8.1		0.11
Asbestos-related costs	6.7	2.4	4.3		0.06	25.0	8.8	16.2		0.21
Restructuring expenses and related asset impairments	8.7	2.8	5.9		0.08	6.4	1.9	4.5		0.06
Currency transaction loss on cash in Venezuela	6.9	-	6.9		0.09	-	-	-		-
Loss on sale of divested businesses	1.0	0.4	0.6		0.01	0.2	-	0.2		-
Discrete tax items:										
Discrete tax items, including adjustments to uncertain tax positions		(1.0)	1.0		0.01		0.5	(0.5)		(0.01)
Adjusted Earnings Per Share (non-GAAP) (A)					\$ 3.00					\$ 3.07