




W. R. Grace & Co.

First Quarter 2013
Business Update

April 24, 2013

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Enriching Lives, *Everywhere*.®

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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.

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Highlights of Q1 2013 – CEO Commentary

- Q1 Fell Short of Expectations
  - Lower sales in Catalysts Technologies
  - Weaker economic environment than planned
- Good progress in moving the business forward
  - ART hydroprocessing catalyst agreement
  - Waterproofing acquisition
  - FCC catalyst price increase announced
- Strategically well-positioned for 2014 and thereafter

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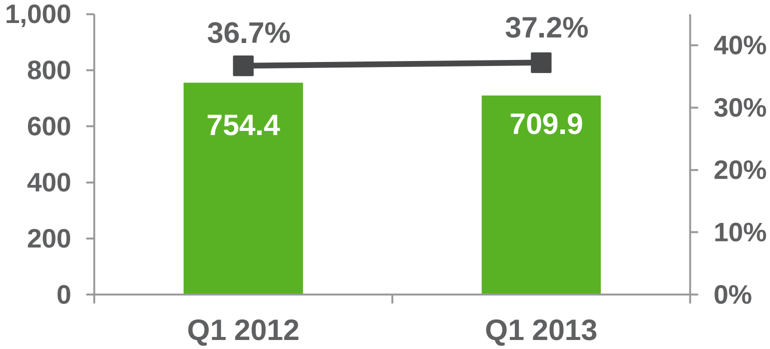
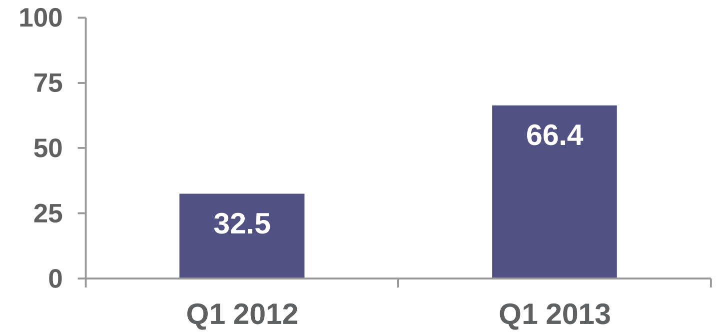
Q1 2013 Financial Performance

Sales ($M) / Gross Margin



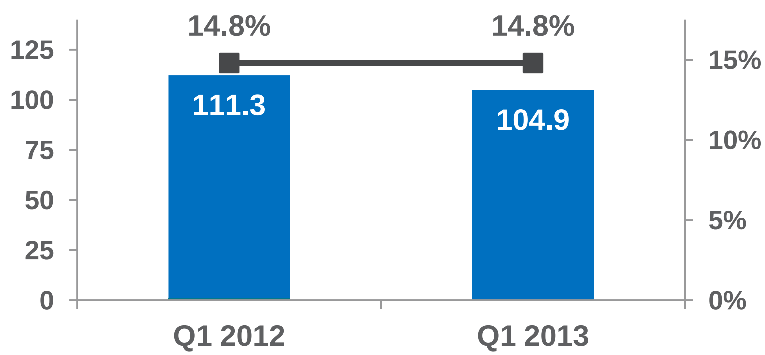
6% decrease largely due to lower RE surcharge

Adjusted Free Cash Flow*($M)



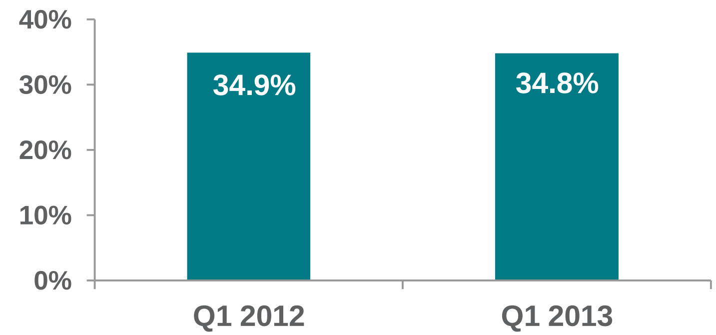
104% increase in cash flow

Adjusted EBIT* ($M) / Adjusted EBIT Margin



6% decrease 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 2013

(in millions of dollars except EPS)	Q1 2012	Q1 2013	Y/Y Change	Q4 2012	Q/Q Change
Net Sales	754.4	709.9	-5.9%	797.8	-11.0%
Gross Profit	277.1	263.8	-4.8%	300.3	-12.2%
Gross Margin	36.7%	37.2%	50 bps	37.6%	-40 bps
Adjusted EBIT	111.3	104.9	-5.8%	133.4	-21.4%
Adjusted EBIT Margin	14.8%	14.8%	0 bps	16.7%	-190 bps
Adjusted EBITDA Margin	18.7%	19.2%	50 bps	20.5%	-130 bps
Adjusted EBIT ROIC	34.9%	34.8%	-10 bps	36.2%	-140 bps
Diluted EPS	0.80	0.69	-13.8%	-1.48	*not meaningful*
Adjusted EPS	0.88	0.81	-8.0%	1.11	-27.0%

Factors impacting sales Y/Y: Price = -5.0%; FX = -0.9%; Volume = unchanged

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

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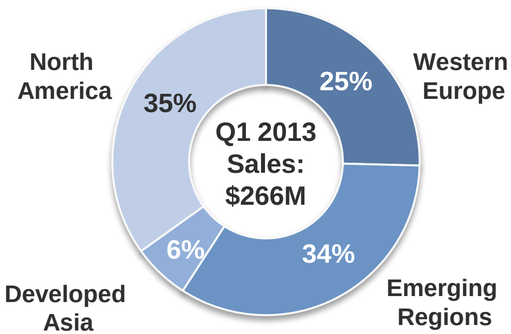
Catalysts Technologies – Q1 2013 Results

- Sales lower due to lower rare earth surcharge, lost sales due to customer operational issues and delayed orders
- Gross margin decrease due to lower sales and rare earth inventory accounting
- Polyolefin catalyst sales increased 5%
- ART agreement with Chevron Lummus significant opportunity in fast-growing hydroprocessing segment

(in millions of dollars)	Q1 2012	Q1 2013	Q4 2012	Y/Y Change	Q/Q Change
Sales	**312.3**	**266.5**	328.3	**-14.7%**	-18.8%
Gross Margin	***42.0%***	***40.3%***	*41.0%*	***-170 bps***	*-70 bps*
Operating Income	**98.9**	**77.2**	102.6	**-21.9%**	-24.8%
Operating Margin	***31.7%***	***29.0%***	*31.3%*	***-270 bps***	*-230 bps*



Factors Impacting Sales

Y/Y Change	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Volume	-0.9%	2.1%	0.4%	8.0%	**-0.4%**
Price	16.0%	0.2%	-14.9%	-16.9%	**-14.1%**
Currency	-1.5%	-4.2%	-4.5%	-1.8%	**-0.2%**
Total	**13.6%**	**-1.9%**	**-19.0%**	**-10.7%**	**-14.7%**

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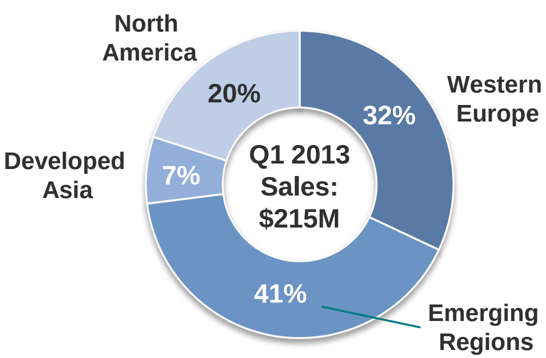
Materials Technologies – Q1 2013 Results

- Emerging region sales grew 8% to 41% of segment sales
- Western Europe sales declined 4%
- Gross margin improvement due to lower manufacturing costs and improved pricing
- Strong operating income improvement y/y and sequentially

(in millions of dollars)	Q1 2012	Q1 2013	Q4 2012	Y/Y Change	Q/Q Change
Sales	**213.8**	**214.9**	**210.1**	**0.5%**	2.3%
Gross Margin	***31.8%***	***35.1%***	***34.3%***	***330 bps***	*80 bps*
Operating Income	**36.1**	**44.3**	**39.7**	**22.7%**	11.6%
Operating Margin	***16.9%***	***20.6%***	***18.9%***	***370 bps***	*170 bps*



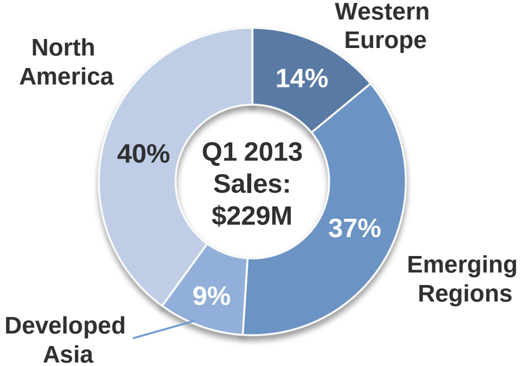
Factors Impacting Sales

Y/Y Change	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Volume	-1.8%	-1.3%	**4.2%**	**5.0%**	**-0.1%**
Price	3.5%	2.4%	**0.6%**	**0.9%**	**1.8%**
Currency	-1.5%	-5.1%	**-8.2%**	**-3.2%**	**-1.2%**
Total	**0.2%**	**-4.0%**	**-3.4%**	**2.7%**	**-0.5%**

Construction Products – Q1 2013 Results

- Seasonally "normal" Q1 2013 with solid performance versus tough y/y sales comp
- 10th consecutive quarter of volume and price growth
- Emerging region sales grew 12% to 37% of segment sales
- Western Europe sales declined 14%; additional restructuring underway

(in millions of dollars)	Q1 2012	Q1 2013	Q4 2012	Y/Y Change	Q/Q Change
Sales	228.3	**228.5**	**259.4**	**0.1%**	-11.9%
Gross Margin	*34.2%*	***35.5%***	***36.1%***	***130 bps***	*-60 bps*
Operating Income	20.5	**22.8**	**32.5**	**11.2%**	-29.8%
Operating Margin	*9.0%*	***10.0%***	***12.5%***	***100 bps***	*-250 bps*



Factors Impacting Sales

Y/Y Change	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Volume	7.9%	7.5%	1.1%	2.8%	**0.5%**
Price	3.3%	2.7%	1.1%	0.8%	**1.2%**
Currency	-1.2%	-4.0%	-5.8%	-1.3%	**-1.6%**
Total	**10.0%**	**6.2%**	**-3.6%**	**2.3%**	**0.1%**

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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, costs related to Chapter 11, asbestos-related costs, restructuring expenses and related asset impairments, certain costs related to divested businesses, 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 before taxes.

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-related costs, 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 and Adjusted EBITDA should be evaluated together with net income measured under GAAP for a complete understanding of Grace's results of 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. 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.

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

	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Adjusted EBIT (Non-GAAP)	**$517.4**	**$111.3**	**$143.6**	**$129.1**	**$133.4**	**$104.9**
Adjustments:						
Costs related to Chapter 11	(15.6)	(4.0)	(3.4)	(3.7)	(4.5)	(3.8)
Asbestos-related costs	(392.2)	(1.2)	(21.8)	(2.0)	(367.2)	(2.1)
Restructuring expenses and related asset impairments	(6.9)	(3.0)	(2.3)	(1.1)	(0.5)	(0.8)
Certain costs related to divested businesses	(0.2)	(0.2)	0.0	0.0	0.0	0.0
Currency transaction loss on cash in Venezuela	0.0	0.0	0.0	0.0	0.0	(6.9)
Gains (losses) on sales of businesses, product lines, and certain other investments	(0.2)	0.0	0.0	(0.2)	0.0	0.0
EBIT	**102.3**	**102.9**	**116.1**	**122.1**	**(238.8)**	**91.3**
Benefit from (provision for) income taxes	37.3	(30.8)	(35.8)	(35.4)	139.3	(28.1)
Interest income of non-Debtor subsidiaries	1.0	0.1	0.3	0.3	0.3	0.2
Interest expense	(46.5)	(11.3)	(11.3)	(11.5)	(12.4)	(10.5)
Net Income (GAAP)	**$94.1**	**$60.9**	**$69.3**	**$75.5**	**($111.6)**	**$52.9**
Costs related to Chapter 11						
Chapter 11 expenses, net of filing entity interest income	$16.6	$4.5	$3.7	$4.4	$4.0	$4.8
D&O insurance cost related to Chapter 11	0.3	0.1	0.0	0.1	0.1	0.1
Translation effects - intercompany loans	(5.6)	(9.6)	17.1	(5.2)	(7.9)	7.4
Value of currency forward contracts - intercompany loans	3.7	8.1	(16.8)	4.7	7.7	(7.7)
Certain other currency translation costs, net	0.6	0.9	(0.6)	(0.3)	0.6	(0.8)
COLI income, net	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to Chapter 11	**$15.6**	**$4.0**	**$3.4**	**$3.7**	**$4.5**	**$3.8**

* 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.

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

Adjusted EBIT By Operating Segment:	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Grace Catalysts Technologies segment operating income	$393.8	$98.9	$100.3	$92.0	$102.6	$77.2
Grace Materials Technologies segment operating income	162.0	36.1	46.4	39.8	39.7	44.3
Grace Construction Products segment operating income	125.2	20.5	35.5	36.7	32.5	22.8
Corporate support functions	(66.3)	(19.7)	(15.1)	(16.0)	(15.5)	(16.2)
Other corporate costs (including environmental remediation)	(26.1)	(5.7)	(6.7)	(5.8)	(7.9)	(4.6)
Defined benefit pension expense	(71.2)	(18.8)	(16.8)	(17.6)	(18.0)	(18.6)
Adjusted EBIT (Non-GAAP)	**$517.4**	**$111.3**	**$143.6**	**$129.1**	**$133.4**	**$104.9**

Adjusted Free Cash Flow:	2012	Q1 2012	Q1 2013
Net cash provided by (used for) operating activities	**$453.6**	**($18.4)**	**$51.1**
Capital expenditures	(138.5)	(38.3)	(39.3)
Free Cash Flow	**315.1**	**(56.7)**	**11.8**
Chapter 11 expenses paid	15.5	3.2	3.2
Accelerated defined benefit pension plan contributions	83.4	83.4	50.0
Expenditures for asbestos-related environmental remediation	7.2	2.6	1.4
Adjusted Free Cash Flow (Non-GAAP)	**$421.2**	**$32.5**	**$66.4**

Adjusted EBIT Return On Invested Capital (trailing four quarters):	2012	Q1 2012	Q1 2013
Adjusted EBIT (Non-GAAP)	**$517.4**	**$494.2**	**$511.0**
Trade accounts receivable	490.4	471.7	443.4
Inventories	278.6	358.5	317.8
Accounts payable	(252.0)	(263.6)	(286.2)
Net working capital	**517.0**	**566.6**	**475.0**
Other current assets (excluding income taxes)	62.4	71.8	77.9
Properties and equipment, net	770.5	726.8	762.5
Goodwill	196.7	150.4	194.3
Investment in unconsolidated affiliate	85.5	76.4	90.5
Other assets	107.2	99.6	108.8
Other current liabilities (excluding income taxes, Chapter 11, and restructuring)	(252.3)	(218.5)	(186.4)
Other liabilities (including non-asbestos environmental remediation)	(56.5)	(57.5)	(55.9)
Total invested capital	**$1,430.5**	**$1,415.6**	**$1,466.7**
Adjusted EBIT Return On Invested Capital (Non-GAAP)	**36.2%**	**34.9%**	**34.8%**

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

	Three Months Ended March 31, 2013			
(in millions, except per share amounts)	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.69**
Costs related to Chapter 11	$ 3.8	$ 0.8	$ 3.0	0.04
Asbestos-related costs	2.1	0.7	1.4	0.02
Restructuring expenses and related asset impairments	0.8	0.2	0.6	0.01
Currency transaction loss on cash in Venezuela	6.9	2.6	4.3	0.05
Discrete tax items:				
Discrete tax items, including adjustments to uncertain tax positions		(0.1)	0.1	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.81**

	Three Months Ended March 31, 2012			
	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.80**
Costs related to Chapter 11	$ 4.0	$ 0.9	$ 3.1	0.04
Asbestos-related costs	1.2	0.4	0.8	0.01
Restructuring expenses and related asset impairments	3.0	1.0	2.0	0.03
Discrete tax items:				
Discrete tax items, including adjustments to uncertain tax positions		(0.2)	0.2	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.88**

Note (A): In the above chart Grace presents its Adjusted Diluted Earnings Per Share (EPS). Adjusted EPS means adjusted for net Chapter 11 costs, asbestos-related costs, restructuring expenses and related asset impairments, certain costs related to divested businesses, gains and losses on sales of businesses, product lines, and certain other investments, 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, costs related to Chapter 11, asbestos-related costs, gains and losses on sales of businesses, product lines, and certain other investments, and certain discrete tax items.

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