W. R. Grace & Co.

Fourth Quarter 2011 Business Update

February 1, 2012

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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.

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CEO Introductory Comments

- **Recent Developments in Path to Chapter 11 Emergence**

- **Results for 2011**
  - Strong Q4 by both segments
  - Full-year results at top end of outlook – Adjusted EBITDA of $599 MM
  - Good momentum for 2012

- **Outlook for 2012**
  - Adjusted EBIT up 6-11%;
  - Adjusted EBITDA of $630-650 MM

- **Longer-term Outlook**
  - Adjusted EBITDA target of $850 MM by 2014
  - 12% three-year CAGR

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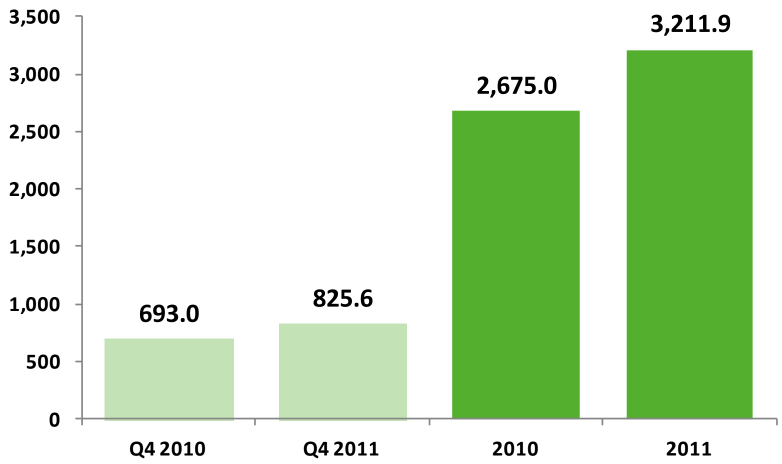
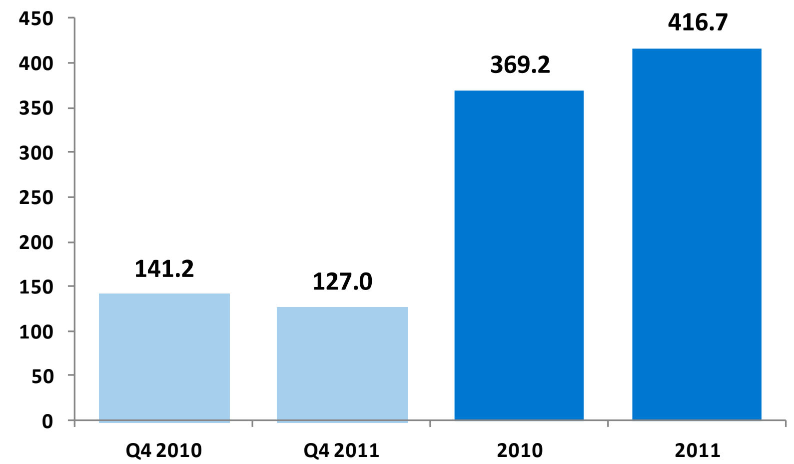
Financial Performance Record

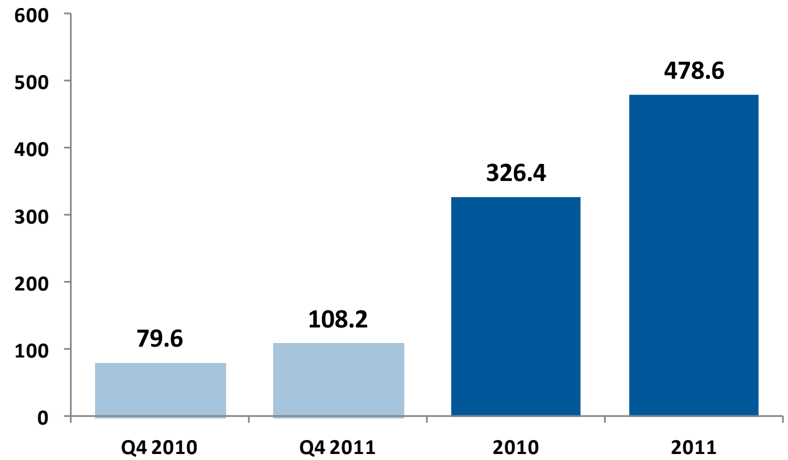
Grace Sales



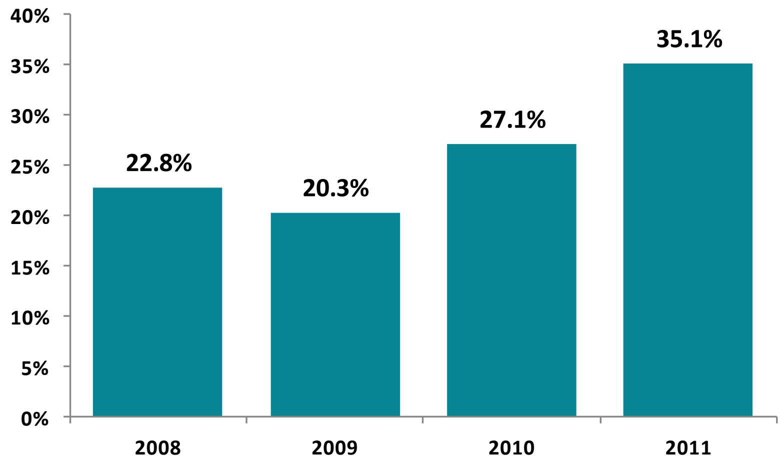
Adjusted Operating Cash Flow*



Grace Adjusted EBIT*



Grace 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 Consolidated Business Results – Q4 2011

$MM	Q4 2011	Q4 2010	Y-over-Y Change	Q3 2011	Q-over-Q change
Net Sales	$825.6	$693.0	19.1%	$864.2	(4.5%)
Gross Profit	$287.3	$241.7	18.9%	$315.5	(8.9%)
Gross Margin	34.8%	34.9%	(10 bps)	36.5%	(170 bps)
Adjusted EBIT	$108.2	$79.6	35.9%	$141.9	(23.7%)
Adjusted EBIT Margin	13.1%	11.5%	160 bps	16.4%	(330 bps)
Adjusted EBITDA Margin	16.8%	15.6%	120 bps	20.0%	(320 bps)
Adjusted Operating Cash Flow	$127.0	$141.2	(10.1%)	$159.3	(20.3%)
Adjusted EBIT ROIC	35.1%	27.1%	800 bps	32.5%	260 bps
GAAP EPS	$0.77	$0.60	28.3%	$1.07	(28.0%)
Adjusted EPS	$0.89	$0.62	43.5%	$1.16	(23.3%)

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Grace Davison Business Results – Q4 2011

$MM	Q4 2011	Q4 2010	Y-over-Y Change	Q3 2011	Q-over-Q Change
Net Sales	**$572.0**	**$471.3**	**21.4%**	**$591.2**	**(3.2%)**
Refining Technologies	$292.1	$201.4	45.0%	$300.8	(2.9%)
Materials Technologies	$168.6	$167.0	1.0%	$184.3	(8.5%)
Specialty Technologies	$111.3	$102.9	8.2%	$106.1	4.9%
Gross Profit	**$205.0**	**$167.9**	**22.1%**	**$222.4**	**(7.8%)**
Gross Margin	**35.8%**	**35.6%**	**20 bps**	**37.6%**	**(180 bps)**
Segment Operating Income	**$129.9**	**$102.1**	**27.2%**	**$153.6**	**(15.4%)**
Segment Operating Margin	**22.7%**	**21.7%**	**100 bps**	**26.0%**	**(330 bps)**

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Grace Davison Business Results continued…

Refining Technologies

Recent Trends

Volumes	↓
Prices	↑
Operating Margins	↑

- Small volume decline due to tough y-o-y compare and slower North American demand
- Pricing includes rare earth surcharges and increased base pricing
- ~80% of customers using new formulations with lower rare earth content

Materials Technologies

Recent Trends

Volumes	↓
Prices	↑
Operating Margins	↓

- Volumes reduced due to lower-margin packaging products and slow demand for matting agents in coatings applications
- New silica capacity in Latin America and Asia on-line; capacity targeted for higher-value consumer applications

Specialty Technologies

Recent Trends

Volumes	↑
Prices	↑
Operating Margins	↑

- Sales of our polypropylene catalysts up double digits due to strong position with Middle East manufacturers
- Strong improvement in operating margin due to price, volume and manufacturing efficiencies.
- Commercial trials for new propylene catalyst capacity under way at Worms, Germany and Albany, Oregon facilities

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Grace Construction Products Business Results – Q4 2011

$MM	Q4 2011	Q4 2010	Y-over-Y Change	Q3 2011	Q-over-Q Change
Net Sales	**$253.6**	**$221.7**	**14.4%**	**$273.0**	**(7.1%)**
Americas	$132.6	$114.9	15.4%	$140.3	(5.5%)
Europe	$70.9	$62.0	14.4%	$80.8	(12.3%)
Asia Pacific	$50.1	$44.8	11.8%	$51.9	(3.5%)
Gross Profit	**$82.9**	**$74.5**	**11.2%**	**$94.1**	**(11.9%)**
Gross Margin	**32.7%**	**33.6%**	**(90 bps)**	**34.5%**	**(180 bps)**
Segment Operating Income	**$21.2**	**$20.3**	**4.4%**	**$30.2**	**(29.8%)**
Segment Operating Margin	**8.4%**	**9.2%**	**(80 bps)**	**11.1%**	**(270 bps)**

- Sales volumes up 12%
- Pricing up 4%
- Sales in emerging regions up 15%

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

2012 Financial Outlook (as of February 1)

	2012 Outlook (Feb 1, 2012)	2011 Actual	Year-over-Year Increase
Adjusted EBIT	**$510 – 530 MM**	**$478.6 MM**	**6 – 11%**
Adjusted EBITDA	**$630 – 650 MM**	**$598.6 MM**	**5 – 9%**

Key Assumptions

- Sales in the range of $3.25 – 3.35 billion
  - Price and volume up ~4 – 5% each
  - Headwind of ~$200 MM from currency and lower rare earth surcharges
- Gross margin in the range of 35 – 37%
- Raw materials up 2-4% for the year
- Pension expense of ~$78 MM; $15 MM headwind for the year
- Average euro exchange rate of $1.30 for the year; $20 MM headwind for the year
- Effective book tax rate of 33%; cash tax rate of 12%
- Capital expenditures of ~$150 MM

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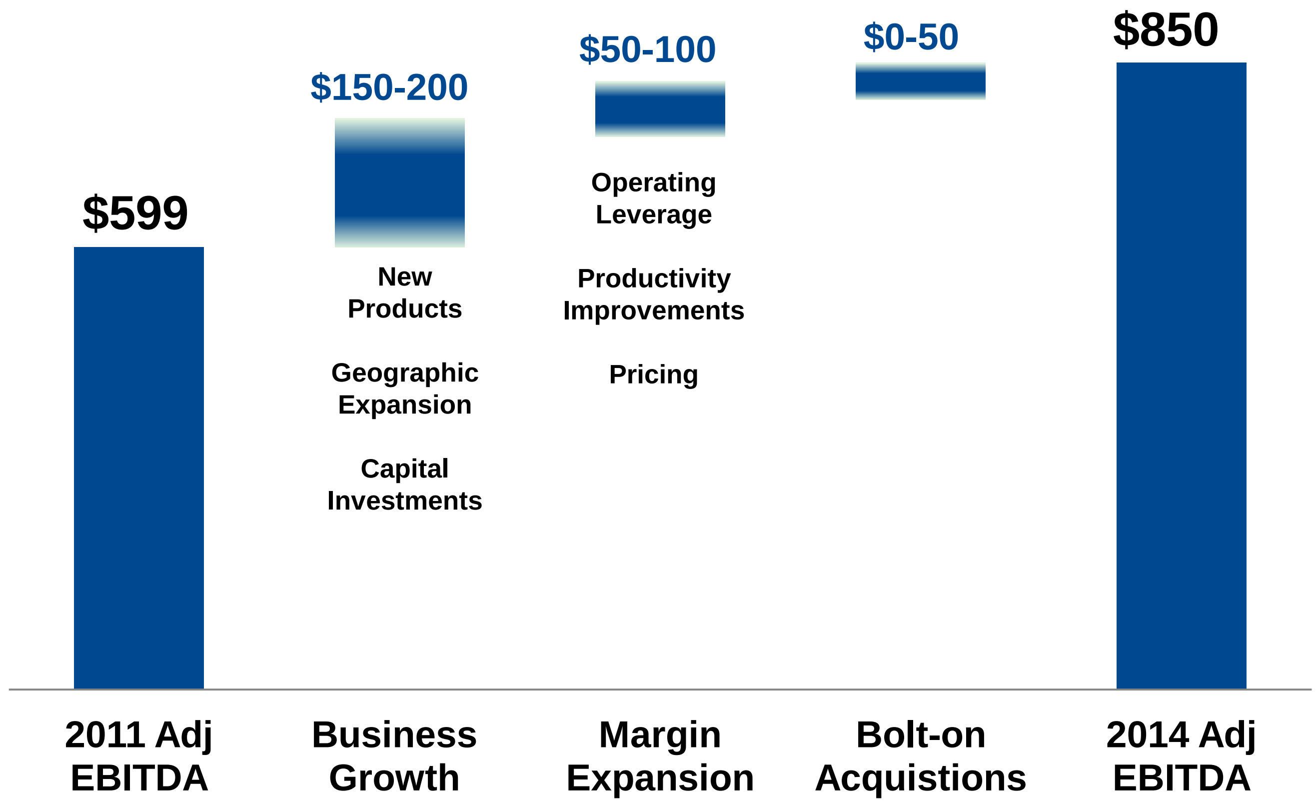
Adjusted EBITDA Goal: $850 MM by 2014



12% three-year CAGR; assumes 8% per annum sales growth and 21% Adjusted EBITDA margin in 2014

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Appendix

Appendix

Non-GAAP Financial Terms

Adjusted EBIT (Earnings Before Interest and Taxes) is net income adjusted for interest income and expense, income taxes, Chapter 11- and asbestos-related costs, net, restructuring expenses and related asset impairments 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 Operating Cash Flow is Adjusted EBITDA plus pension expense plus or minus the change in net working capital and specified other assets and liabilities minus capital expenditures. Adjusted Operating Cash Flow excludes the cash flow effects of income taxes, defined benefit pension arrangements, Chapter 11- and asbestos-related costs and any restructuring or divestment activities.

Adjusted EBIT Return on Invested Capital is Adjusted EBIT divided by the sum of net working capital, properties and equipment and certain other assets and liabilities.

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Appendix

Adjusted EBIT, Adjusted EBITDA, Adjusted EPS, Segment Operating Income, Adjusted Operating 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 since 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 Operating Cash Flow also has material limitations as an operating performance measure because it excludes the cash flow effects of income taxes, defined benefit pension arrangements, Chapter 11- and asbestos-related costs and any restructuring or divestment activities, which historically have been material components of Grace's cash flow. 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 Operating 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

	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010
Adjusted EBIT (Non-GAAP)	**$297.3**	**$229.0**	**$326.4**	**$478.6**	**$95.7**	**$132.8**	**$141.9**	**$108.2**	**$79.6**
Adjustments:									
Chapter 11- and asbestos-related costs, net	(115.9)	(109.9)	(35.3)	(44.7)	(5.7)	(9.0)	(9.3)	(20.7)	(11.2)
Divestment expenses	0.0	0.0	0.0	(0.4)	0.0	0.0	0.0	(0.4)	0.0
Restructuring expenses and related asset impairments	(5.2)	(33.4)	(11.2)	(6.9)	(0.2)	(0.7)	(0.1)	(5.9)	(2.1)
Gains (loss) on sales of product lines and gain related to the sale of interest in an unconsolidated affiliate	0.0	33.9	0.0	(0.4)	0.0	0.0	0.0	(0.4)	0.0
EBIT	**176.2**	**119.6**	**279.9**	**426.2**	**89.8**	**123.1**	**132.5**	**80.8**	**66.3**
Benefit from (provision for) income taxes	(4.3)	(11.5)	(32.5)	(114.7)	(25.5)	(36.6)	(40.4)	(12.2)	(11.6)
Interest income of non-Debtor subsidiaries	3.8	1.4	1.0	1.2	0.3	0.3	0.3	0.3	0.4
Interest expense	(54.2)	(38.3)	(41.3)	(43.3)	(10.4)	(11.0)	(11.1)	(10.8)	(10.2)
Net Income (GAAP)	**$121.5**	**$71.2**	**$207.1**	**$269.4**	**$54.2**	**$75.8**	**$81.3**	**$58.1**	**$44.9**
Chapter 11- and asbestos-related costs, net:									
Chapter 11 expenses, net of filing entity interest income	$65.8	$48.0	$17.7	$20.0	$5.8	$6.7	$4.4	$3.1	$3.3
Legal defense costs	31.6	36.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Asbestos administration costs	8.2	7.9	6.1	4.5	1.1	1.2	1.1	1.1	1.3
Provision for environmental remediation related to asbestos	8.2	4.7	3.7	16.3	0.2	0.2	(0.1)	16.0	3.7
Payments from insurance carriers related to asbestos activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D&O insurance cost related to Chapter 11	3.8	3.3	3.5	0.3	0.4	0.4	0.4	(0.9)	0.9
Chapter 11 financing related:*									
Translation effects - intercompany loans	6.9	(11.0)	25.2	11.7	(19.7)	(7.6)	27.3	11.7	6.2
Value of currency forward contracts - intercompany loans	(10.7)	15.9	(25.4)	(9.3)	16.5	7.8	(23.6)	(10.0)	(4.7)
Certain other currency translation costs, net	5.1	6.3	4.3	1.2	1.4	0.3	(0.2)	(0.3)	0.5
COLI income, net	(3.0)	(1.2)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Chapter 11- and asbestos-related costs, net	**$115.9**	**$109.9**	**$35.3**	**$44.7**	**$5.7**	**$9.0**	**$9.3**	**$20.7**	**$11.2**

* 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

Adjusted EBIT By Operating Segment:	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010
Grace Davison segment operating income	$278.1	$307.3	$399.6	$547.5	$118.3	$145.7	$153.6	$129.9	$102.1
Grace Construction Products segment operating income	153.0	102.4	89.9	97.3	16.3	29.6	30.2	21.2	20.3
Corporate support functions (including performance based compensation)	(63.0)	(57.7)	(63.6)	(74.8)	(16.8)	(21.2)	(18.3)	(18.5)	(15.9)
Other corporate costs (including environmental remediation)	(14.0)	(37.4)	(22.4)	(28.0)	(5.6)	(6.2)	(7.7)	(8.5)	(7.1)
Defined benefit pension expense	(56.8)	(85.6)	(77.1)	(63.4)	(16.5)	(15.1)	(15.9)	(15.9)	(19.8)
Adjusted EBIT (Non-GAAP)	**$297.3**	**$229.0**	**$326.4**	**$478.6**	**$95.7**	**$132.8**	**$141.9**	**$108.2**	**$79.6**

Adjusted Operating Cash Flow:	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010
Adjusted EBIT (Non-GAAP)	**$297.3**	**$229.0**	**$326.4**	**$478.6**	**$95.7**	**$132.8**	**$141.9**	**$108.2**	**$ 79.6**
Depreciation and amortization	118.7	113.0	115.6	120.0	29.2	29.7	31.0	30.1	28.7
Adjusted EBITDA (Non-GAAP)	**416.0**	**342.0**	**442.0**	**598.6**	**124.9**	**162.5**	**172.9**	**138.3**	**108.3**
Defined benefit pension expense	56.8	85.6	77.1	63.4	16.5	15.1	15.9	15.9	19.8
Change in net working capital	78.1	181.5	(11.3)	(114.8)	(55.5)	(64.9)	(14.4)	19.9	39.2
Change in other assets and liabilities	(31.4)	(99.5)	(25.7)	11.1	(41.6)	31.0	24.3	(2.6)	17.8
Capital expenditures	(132.2)	(93.8)	(112.9)	(141.6)	(23.4)	(34.3)	(39.4)	(44.5)	(43.9)
Adjusted Operating Cash Flow (Non-GAAP)	**$387.3**	**$415.8**	**$369.2**	**$416.7**	**$20.9**	**$109.4**	**$159.3**	**$127.0**	**$141.2**

Adjusted EBIT Return on Invested Capital (trailing four quarters):	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010
Adjusted EBIT (Non-GAAP)	**$297.3**	**$229.0**	**$326.4**	**$478.6**	**$357.8**	**$399.5**	**$450.0**	**$478.6**	**$326.4**
Trade accounts receivable	462.6	373.2	386.1	473.0	446.3	501.0	480.2	473.0	386.1
Inventories	354.8	220.6	259.3	329.1	303.6	313.2	355.1	329.1	259.3
Accounts payable	(207.6)	(174.2)	(215.6)	(257.6)	(264.2)	(262.9)	(270.7)	(257.6)	(215.6)
Net working capital	**609.8**	**419.6**	**429.8**	**544.5**	**485.7**	**551.3**	**564.6**	**544.5**	**429.8**
Other current assets	86.1	80.4	90.6	95.7	97.1	77.6	107.1	95.7	90.6
Properties and equipment, net	710.6	690.1	702.5	723.5	713.0	719.7	719.1	723.5	702.5
Goodwill and other intangible assets	117.1	118.6	125.5	148.2	129.2	130.2	149.0	148.2	125.5
Other assets	145.1	146.3	153.9	174.1	150.4	149.2	180.8	174.1	153.9
Other current liabilities	(297.7)	(270.5)	(238.2)	(259.9)	(233.7)	(249.7)	(279.6)	(259.9)	(238.2)
Other liabilities	(66.3)	(58.8)	(58.3)	(60.9)	(54.3)	(55.1)	(57.4)	(60.9)	(58.3)
Total invested capital	**$1,304.7**	**$1,125.7**	**$1,205.8**	**$1,365.2**	**$1,287.4**	**$1,323.2**	**$1,383.6**	**$1,365.2**	**$1,205.8**
Adjusted EBIT Return on Invested Capital (Non-GAAP)	**22.8%**	**20.3%**	**27.1%**	**35.1%**	**27.8%**	**30.2%**	**32.5%**	**35.1%**	**27.1%**

Appendix

Reconciliation of Non-GAAP Financial Measures

Three Months Ended December 31, 2011

(in millions, except per share amounts)	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.77**
Restructuring charges and related asset impairments	$ 5.9	$ 1.6	$ 4.3	0.06
Chapter 11- and asbestos-related costs, net	9.3	3.0	6.3	0.18
Loss of sale of product line and related divestment expenses	0.8	0.3	0.5	0.01
Discrete tax items:				
U.S federal income tax settlement		(1.1)	1.1	0.02
Adjustments to uncertain tax positions		11.5	(11.5)	(0.15)
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.89**

Three Months Ended December 31, 2010

	Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 0.60**
Restructuring charges and related asset impairments	$ 2.1	$ 0.7	$ 1.4	0.02
Chapter 11- and asbestos-related costs, net	11.2	6.4	4.8	0.06
Discrete tax items:				
U.S. federal income tax settlement				
Massachusetts tax settlement		10.0	(10.0)	(0.13)
U.S. taxes on repatriated earnings		(5.6)	5.6	0.07
Adjustments to uncertain tax positions		0.2	(0.2)	
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 0.62**

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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