

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1998

Commission File Number 1-13953

W. R. GRACE & CO. SALARIED EMPLOYEES
SAVINGS AND INVESTMENT PLAN

W. R. Grace & Co.
1750 Clint Moore Road
Boca Raton, Florida 33487-2707

Financial Statements and Exhibits

(a) Financial Statements. Filed as part of this Report on Form 11-K are the financial statements of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan, as required by Form 11-K, together with the report thereon of PricewaterhouseCoopers LLP, independent certified public accountants, dated June 18, 1999.

(b) Exhibits. The Consent of PricewaterhouseCoopers LLP is being filed as an exhibit to this Report.

W.R. GRACE & CO.
SALARIED EMPLOYEES
SAVINGS & INVESTMENT PLAN
DECEMBER 31, 1998 AND 1997

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Participants and Administrative Committee of the
W.R. Grace & Co. Salaried Employees
Savings and Investment Plan

In our opinion, the accompanying statements of net assets available for plan

benefits and the related statements of changes in net assets available for plan benefits appearing on pages F-2 through F-5 of this report present fairly, in all material respects, the net assets available for plan benefits of the W.R. Grace & Co. Salaried Employees Savings and Investment Plan (the "Plan") at December 31, 1998 and 1997, and the changes in net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Plan administrator and/or other plan fiduciaries (the "Plan Fiduciaries"); our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan Fiduciaries, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Fund Information in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits of each fund. The Fund Information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
June 18, 1999

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS, WITH FUND INFORMATION
DECEMBER 31, 1998

	FIXED INCOME FUND	ADS FUND	GRACE STOCK FUND	EMPLOYEE STOCK OWNERSHIP PLAN	FIDELITY BALANCED FUND	FIDELITY GROWTH & INCOME FUND
Assets						
Investments:						
Insurance company contracts, at contract value	\$247,982,282	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial paper, at cost	4,964,203	20,596	131,572	549,956	-	-
W.R. Grace & Co. common stock, (cost \$95,550,406)	-	-	14,407,977	74,660,864	-	-
FMC ADS (cost: \$2,146,049)	-	3,047,164	-	-	-	-
Sealed Air preferred stock (cost: \$6,081,862)	-	-	-	-	-	-
Sealed Air common stock (cost: \$7,073,730)	-	-	-	-	-	-
Fidelity mutual funds (cost: \$152,487,531)	-	-	-	-	28,696,167	47,671,388
Participant loans	-	-	-	-	-	-
Contribution receivable	161,396	-	35,466	135,319	27,547	53,191
Net assets available for plan benefits	\$253,107,881	\$3,067,760	\$14,575,015	\$75,346,139	\$28,723,714	\$47,724,579

	FIDELITY BLUE CHIP GROWTH FUND	FIDELITY CONTRAFUND	FIDELITY OTC FUND	SEALED AIR PREFERRED STOCK FUND	SEALED AIR COMMON STOCK FUND	PARTICIPANT LOANS	TOTAL
Assets							
Investments:							
Insurance company contracts, at contract value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$247,982,282
Commercial paper, at cost	-	-	-	-	267,600	-	5,933,927
W.R. Grace & Co. common	-	-	-	-	-	-	-

stock, (cost \$95,550,406)	-	-	-	-	-	-	89,068,841
FMC ADS (cost: \$2,146,049)	-	-	-	-	-	-	3,047,164
Sealed Air preferred stock (cost: \$6,081,862)	-	-	-	7,946,183	-	-	7,946,183
Sealed Air common stock (cost: \$7,073,730)	-	-	-	-	8,317,962	-	8,317,962
Fidelity mutual funds (cost: \$152,487,531)	76,586,663	43,204,921	14,820,870	-	-	-	210,980,009
Participant loans	-	-	-	-	-	3,963,014	3,963,014
Contribution receivable	77,592	55,244	20,848	-	-	-	566,603
Net assets available for plan benefits	\$ 76,664,255	\$ 43,260,165	\$14,841,718	\$7,946,183	\$8,585,562	\$3,963,014	\$577,805,985

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

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS, WITH FUND INFORMATION
DECEMBER 31, 1997

	FIXED INCOME FUND	ADS FUND	GRACE STOCK FUND	EMPLOYEE STOCK OWNERSHIP PLAN	FIDELITY BALANCED FUND	FIDELITY GROWTH & INCOME FUND
Assets						
Investments:						
Insurance company contracts, at contract value	\$329,352,449	\$ --	\$ --	\$ --	\$ --	\$ --
Commercial paper, at cost	5,198,287	172,283	584,960	1,322,376	--	--
W.R. Grace & Co. common stock (cost \$101,544,649)	--	--	48,560,663	166,507,984	--	--
FMC ADS (cost: \$4,503,591)	--	5,870,456	--	--	--	--
Fidelity mutual funds (cost: \$178,868,115)	--	--	--	--	32,269,412	47,666,141
Participant loans	--	--	--	--	--	--
Contribution receivable	797,037	--	170,834	613,433	126,112	182,588
Net assets available for plan benefits	\$335,347,773	\$ 6,042,739	\$ 49,316,457	\$168,443,793	\$ 32,395,524	\$ 47,848,729

	FIDELITY BLUE CHIP GROWTH FUND	FIDELITY CONTRAFUND	FIDELITY OTC FUND	PARTICIPANT LOANS	TOTAL
Assets					
Investments:					
Insurance company contracts, at contract value	\$ --	\$ --	\$ --	\$ --	\$329,352,449
Commercial paper, at cost	--	--	--	--	7,277,906
W.R. Grace & Co. common stock (cost \$101,544,649)	--	--	--	--	215,068,647
FMC ADS (cost: \$4,503,591)	--	--	--	--	5,870,456
Fidelity mutual funds (cost: \$178,868,115)	74,168,388	46,472,627	15,403,666	--	215,980,234
Participant loans	--	--	--	8,770,156	8,770,156
Contribution receivable	311,814	236,346	89,766	--	2,527,930
Net assets available for plan benefits	\$ 74,480,202	\$ 46,708,973	\$ 15,493,432	\$ 8,770,156	\$784,847,778

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

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS, WITH FUND INFORMATION
DECEMBER 31, 1998

EMPLOYEE

	FIXED INCOME FUND	ADS FUND	GRACE STOCK FUND	STOCK OWNERSHIP PLAN	FIDELITY BALANCED FUND
Contributions:					
Participants	\$ 5,551,390	\$ --	\$ 1,227,563	\$ --	\$ 957,416
Transfers among funds	4,205,972	(1,392,907)	(32,753,093)	(14,681,884)	(580,312)
Company	--	--	--	4,705,888	--
Total	9,757,362	(1,392,907)	(31,525,530)	(9,975,996)	377,104
Income/(loss) from investments:					
Interest	19,236,256	--	49,507	95,750	24,442
Dividends	--	--	--	--	2,907,425
Net realized gain (loss)	--	78,516	1,803,711	4,205,952	805,639
Change in unrealized appreciation	--	246,474	(1,234,290)	(21,988,014)	1,830,023
Total	19,236,256	324,990	618,928	(17,686,312)	5,567,529
Less:					
Transfers from the plan	71,157,929	1,442,362	2,993,251	57,605,633	6,831,760
Participant withdrawals	39,973,808	459,233	836,088	7,770,683	2,781,205
Administrative expenses	101,773	5,467	5,501	59,030	3,478
Net increase/(decrease)	(82,239,892)	(2,974,979)	(34,741,442)	(93,097,654)	(3,671,810)
Net assets available for plan benefits:					
Beginning of year	335,347,773	6,042,739	49,316,457	168,443,793	32,395,524
End of year	\$ 253,107,881	\$ 3,067,760	\$ 14,575,015	\$ 75,346,139	\$ 28,723,714

	FIDELITY GROWTH & INCOME FUND	FIDELITY BLUE CHIP GROWTH FUND	FIDELITY CONTRAFUND	FIDELITY OTC FUND	SEALED AIR PREFERRED STOCK FUND
Contributions:					
Participants	\$ 1,909,650	\$ 2,740,202	\$ 1,936,632	\$ 730,268	\$ --
Transfers among funds	5,340,454	3,733,563	(814,009)	312,720	15,944,858
Company	--	--	--	--	--
Total	7,250,104	6,473,765	1,122,623	1,042,988	15,944,858
Income/(loss) from investments:					
Interest	41,541	66,587	40,855	14,866	146
Dividends	2,591,284	3,154,351	3,209,118	752,532	79,519
Net realized gain (loss)	3,173,218	4,260,772	2,695,527	1,771,614	(1,332,218)
Change in unrealized appreciation	6,412,023	14,613,977	5,730,620	2,456,202	(1,356,402)
Total	12,218,066	22,095,687	11,676,120	4,995,214	(2,608,955)
Less:					
Transfers from the plan	15,519,876	20,533,431	11,688,581	5,476,786	4,675,733
Participant withdrawals	4,067,773	5,848,380	4,547,427	1,212,297	713,822
Administrative expenses	4,671	3,588	11,543	833	165
Net increase/(decrease)	(124,150)	2,184,053	(3,448,808)	(651,714)	7,946,183
Net assets available for plan benefits:					
Beginning of year	47,848,729	74,480,202	46,708,973	15,493,432	--
End of year	\$ 47,724,579	\$ 76,664,255	\$ 43,260,165	\$ 14,841,718	\$ 7,946,183

	SEALED AIR COMMON STOCK FUND	PARTICIPANT LOANS	TOTAL
Contributions:			
Participants	\$ --	\$ --	\$ 15,053,121
Transfers among funds	18,121,049	2,563,589	--
Company	--	--	4,705,888
Total	18,121,049	2,563,589	19,759,009
Income/(loss) from investments:			
Interest	--	--	19,569,950
Dividends	--	--	12,694,229
Net realized gain (loss)	(947,572)	--	16,515,159
Change in unrealized appreciation	(2,309,821)	--	4,400,792
Total	(3,257,393)	--	53,180,130
Less:			
Transfers from the plan	5,562,305	--	203,487,647
Participant withdrawals	715,789	7,370,731	76,297,236
Administrative expenses	--	--	196,049

Net increase/(decrease)	8,585,562	(4,807,142)	(207,041,793)
Net assets available for plan benefits:			
Beginning of year	--	8,770,156	784,847,778
End of year	\$ 8,585,562	\$ 3,963,014	\$ 577,805,985

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

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS, WITH FUND INFORMATION
DECEMBER 31, 1997

	FIXED INCOME FUND	ADS FUND	GRACE STOCK FUND	EMPLOYEE STOCK OWNERSHIP PLAN	FIDELITY BALANCED FUND
Contributions:					
Participants	\$ 10,650,939	\$ --	\$ 2,301,944	\$ --	\$ 1,650,266
Transfers among funds	7,106,961	(4,021,935)	(5,436,510)	(15,388,919)	162,307
Company	--	--	--	8,213,477	--
Total	17,757,900	(4,021,935)	(3,134,566)	(7,175,442)	1,812,573
Income/(loss) from investments:					
Interest	24,676,286	--	55,485	119,815	40,063
Dividends	--	--	-- (*)	--	3,939,582
Net realized gain	--	1,806,038	8,108,020	13,338,128	711,285
Change in unrealized appreciation	--	(3,457,906)	13,447,634 (*)	48,627,301	1,570,434
Total	24,676,286	(1,651,868)	21,611,139	62,085,244	6,261,364
Less:					
Participant withdrawals	41,057,623	664,814	2,534,603	10,635,565	3,217,912
Administrative expenses	177,130	11,606	7,131	101,190	5,368
Net increase/(decrease)	1,199,433	(6,350,223)	15,934,839	44,173,047	4,850,657
Net assets available for plan benefits:					
Beginning of year	334,148,340	12,392,962	33,381,618	124,270,746	27,544,867
End of year	\$ 335,347,773	\$ 6,042,739	\$ 49,316,457	\$ 168,443,793	\$ 32,395,524

	FIDELITY GROWTH & INCOME FUND	FIDELITY BLUE CHIP GROWTH FUND	FIDELITY CONTRAFUND	FIDELITY OTC FUND	PARTICIPANT LOANS	TOTAL
Contributions:						
Participants	\$ 2,480,815	\$ 4,177,594	\$ 3,177,377	\$ 1,219,604	\$ --	\$ 25,658,539
Transfers among funds	8,062,935	3,816,496	1,392,088	3,598,085	708,492	--
Company	--	--	--	--	--	8,213,477
Total	10,543,750	7,994,090	4,569,465	4,817,689	708,492	33,872,016
Income/(loss) from investments:						
Interest	30,813	68,937	44,324	8,780	--	25,044,503
Dividends	2,100,654	3,622,609	4,450,163	1,031,731	--	15,144,739
Net realized gain	1,899,844	2,881,590	2,016,408	330,564	--	31,091,877
Change in unrealized appreciation	5,858,538	8,640,119	1,651,353	(567,662)	--	75,769,811
Total	9,889,849	15,213,255	8,162,248	803,413	--	147,050,930
Less:						
Participant withdrawals	3,214,583	5,749,750	3,446,191	1,056,057	29,045	71,606,143
Administrative expenses	5,299	4,293	17,356	1,159	--	330,532
Net increase/(decrease)	17,213,717	17,453,302	9,268,166	4,563,886	679,447	108,986,271
Net assets available for plan benefits:						
Beginning of year	30,635,012	57,026,900	37,440,807	10,929,546	8,090,709	675,861,507

Fund. The Sealed Air common stock, received with respect to such shares of common stock, was credited to a Sealed Air Common Stock Fund. The Sealed Air preferred stock, received with respect to such shares of common stock, was credited to a Sealed Air Preferred Stock Fund.

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

CONTRIBUTIONS TO THE PLAN

Plan participants may elect to contribute to the Plan from 2% to 16% of their compensation (which, for purposes of the Plan, consists of salary and/or commissions, incentive compensation, special bonus awards, shift differential and overtime pay).

Participant contributions may be made from before-tax and/or after-tax income, as provided under Sections 401(k) and 401(m) of the Internal Revenue Code of 1986, as amended (the "Code"), subject to an annual dollar limit on before-tax contributions of \$10,000 and \$9,500 for 1998 and 1997, respectively. Federal income tax law limited the annual compensation on which tax-qualified plan benefits may be based to \$160,000 and \$150,000 for 1998 and 1997, respectively.

A Company contribution equal to 50% of each participant's contribution is made to the Plan; however, no Company contribution is made with respect to a participant's contribution in excess of 6% of his compensation. Therefore, the maximum Company contribution is 3% of each participant's compensation, subject to the annual dollar limitations noted above.

INVESTMENT OPTIONS

Participants may elect to have their contributions invested in any one or more of the following funds in which the Plan participates:

FIXED INCOME FUND -----

The Fixed Income Fund is invested in fixed income securities or obligations, interest-bearing bank accounts or guaranteed income funds established or maintained by licensed insurance companies. Excess cash may be invested in short-term fixed income securities.

GRACE STOCK FUND -----

The Grace Stock Fund is invested in New Grace common stock. Pending investment, cash credited to this fund may be invested in short-term securities.

The Plan also offers the following five Fidelity Mutual Funds to Plan participants:

FIDELITY BALANCED FUND is invested in both fixed income securities and

equity securities at all times.

FIDELITY GROWTH & INCOME FUND is invested in equity securities at all

times and may be invested in fixed income securities, depending upon market conditions.

FIDELITY BLUE CHIP GROWTH FUND is invested in equity securities of

companies with higher than average earnings growth.

FIDELITY CONTRAFUND is invested in equity securities of companies

generally out of favor with the market that are judged by the Fund's

investment manager to be capable of above average growth in value.

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

FIDELITY OTC FUND is invested in equity securities of smaller

companies traded in the over-the-counter market.

The Plan, as a result of the NMC Transaction in 1996, maintains the following fund:

ADS FUND

The ADS Fund holds the American Depository Shares of Fresenius Medical Care AG that were credited to the accounts of each participant who had a balance in the then-existing Grace Stock Fund immediately prior to the NMC Transaction in 1996. Participants were able to transfer balances out of the ADS Fund at any time, but were not permitted to deposit or transfer any funds into the ADS Fund. The ADS Fund was eliminated from the Plan during the first quarter of 1999; any balances remaining in such fund at that time were credited to the Fixed Income Fund.

The Plan, as a result of the Packaging Transaction maintains the following funds:

SEALED AIR PREFERRED STOCK FUND

The Sealed Air Preferred Stock Fund holds the Sealed Air preferred stock that was credited to the accounts of each participant who had a balance in the Grace Stock Fund immediately prior to the Packaging Transaction on March 31, 1998. Participants may transfer balances out of the Sealed Air Preferred Stock Fund at any time, but may not deposit or transfer any funds into the Sealed Air Preferred Stock Fund. The Sealed Air Preferred Stock Fund will be eliminated December 31, 2000, and any balances remaining in the Fund on that date will be credited to the Fixed Income Fund.

SEALED AIR COMMON STOCK FUND

The Sealed Air Common Stock Fund holds the Sealed Air common stock that was credited to the accounts of each participant who had a balance in the Grace Stock Fund immediately prior to the Packaging Transaction on March 31, 1998. Participants may transfer balances out of the Sealed Air Common Stock Fund at any time, but may not deposit or transfer any funds into the Sealed Air Common Stock Fund. The Sealed Air Common Stock Fund will be eliminated December 31, 2000, and any balances remaining in the Fund on that date will be credited to the Fixed Income Fund.

At December 31, 1998 and 1997, the number of participants in the various Funds (including former employees whose funds have not yet been distributed and who no longer contribute to the Plan) was as follows:

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

	DECEMBER 31,	
	1998	1997
	-----	-----
Fixed Income Fund	3,582	6,470
ADS Fund	832	1,729
Grace Stock Fund	1,426	2,432
Employee Stock Ownership Plan	3,815	7,638
Fidelity Balanced Fund	1,374	2,083
Fidelity Growth & Income Fund	1,535	2,315
Fidelity Blue Chip Growth Fund	2,323	3,637
Fidelity Contrafund	1,590	2,562
Fidelity OTC Fund	788	1,392
Sealed Air Preferred Stock Fund	1,209	-
Sealed Air Common Stock Fund	1,199	-

The Plan provides that a statement of each participant's account be sent to the participant at least once a year. Presently, such statements are sent at the end of each calendar quarter.

On any business day, participants may allocate their future contributions among the Funds and transfer the amounts related to their prior contributions in any of the Funds to other Funds (other than the ADS Fund, Sealed Air Preferred Stock Fund, and the Sealed Air Common Stock Fund). Transfers may be in whole dollar amounts or in multiples of 5% of the participant's account balance.

Company contributions are generally credited to the Employee Stock Ownership Plan ("ESOP"), which is invested in New Grace common stock. The ESOP is an Employee Stock Ownership Plan, within the meaning of the Code.

Eligible employees (generally, those age 50 and older) may elect to transfer all or a portion of their Company contributions once each year from the ESOP Fund to any of the other Funds except the Grace Stock Fund, the ADS Fund, the Sealed Air Preferred Stock Fund, and the Sealed Air Common Stock Fund. Such transfers may be in whole dollar amounts or multiples of 5% of the participant's account balance.

PARTICIPANT LOANS

Participants may borrow up to one-half of the value of their account balance up to \$50,000. Loans may be for a term of one to five years for a general purpose loan and up to twenty years for a loan to purchase a principal residence. The interest rate for the loans is fixed for the term of the loan and the loans are repaid in periodic installments, depending on the loan provisions. Participants can repay the outstanding loan balance in full at any time without penalty. Loans are considered to be in default and treated as a distribution for tax purposes if no payment is received for ninety days. If employment with the Company ends, any outstanding loan balance will be considered a distribution if not repaid within ninety days.

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Interest paid on loans is credited to the individual funds from which the loan was taken and is shown as interest income within those funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounts of the Plan are maintained on the accrual basis of accounting, which is acceptable under U.S. Department of Labor Regulations and is in accordance with generally accepted accounting principles ("GAAP").

Investments in publicly traded securities are valued at the last reported sales price on the last day of the year. Investments in the Fidelity Mutual Funds are valued at their respective market prices quoted at year-end, which represent the net asset value of the securities held in such Funds. Investments in commercial

paper, U.S. Treasury bills and U.S. government securities mutual funds are valued at cost, which approximates market value. Investments in insurance company contracts are stated at contract value, which represents contributions made under the contract plus interest at the contract rate, less funds used for withdrawals. Participant loans are valued at cost, which approximates fair value.

The assets of the Plan are commingled in the Trust Fund of the W.R. Grace & Co. Profit Sharing and Savings and Investments Plans ("Trust Fund") with the assets of other tax-qualified profit sharing and savings and investment plans maintained by the Company. The Trust Fund is administered by The Fidelity Management Trust Company ("Trustee"). For each Fund, assets and investment returns are allocated to each plan pro rata, based upon each Plan's daily net asset balance in the Fund and the Trust Fund's daily total net asset balance attributable to the Fund.

The following tables present the fair values of investments and investment income for the Trust Fund:

	DECEMBER 31,	
	1998	1997
	-----	-----
INVESTMENTS AT FAIR VALUE:		
Guaranteed investment contracts	\$ 256,745,670	\$ 339,227,904
Commercial paper	6,220,838	7,576,304
W.R. Grace & Co. Common Stock	99,867,486	229,580,586
Fresenius Medical Care ADS	3,314,806	6,337,059
Fidelity mutual funds	219,330,332	224,084,198
Sealed Air Preferred Stock	8,675,144	-
Sealed Air Common Stock	9,087,593	-
	-----	-----
	\$ 603,241,869	\$ 806,806,051
	-----	-----

	DECEMBER 31,	
	1998	1997
	-----	-----
INVESTMENT INCOME:		
Interest	\$20,229,833	\$25,789,788
Dividends	13,201,585	15,748,378
Net realized gain	17,135,061	32,937,076
Change in unrealized appreciation	2,854,450	80,093,404
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	\$53,420,929	\$ 154,568,646
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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Income of each Fund is reinvested in that Fund, except that dividends paid on shares of Grace Common Stock held in the ESOP Fund are paid to participants within 90 days after the end of the calendar year in which the dividends are received. The ESOP Fund dividends are not treated as income to the Plan or as distributions to participants. The Trustee manages the Grace Stock Fund and the ESOP Fund by purchasing shares of Grace Common Stock and by selling shares to the extent necessary to obtain cash for disbursements and transfers from the Funds. Investment management of the Fixed Income Fund and investment oversight of the Fidelity Mutual Funds is the responsibility of the Investment and Benefits Committee appointed by the Grace Board of Directors, or as delegated by that Committee.

The Plan recognizes benefits when paid.

The Plan recognizes a gain or loss on Grace Common Stock distributed to participants in an amount equal to the difference between the market value at the distribution date and the average cost of the shares distributed. The cost of securities sold is determined on the basis of average cost, and a gain or

loss is recorded equal to the difference between average cost and the proceeds from the sale.

Amounts transferred to successor trustees are deducted from the Plan's net assets upon the divestiture of, or discontinuance of participation by, a participating business unit.

The preparation of financial statements in conformity with GAAP requires the Plan Fiduciaries to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements. Actual amounts may differ from the estimates used.

NOTE 3 - GUARANTEED INVESTMENT CONTRACTS:

Investments in the Fixed Income Fund consist primarily of guaranteed investment contracts ("GICs") issued by various insurance companies. The Plan's GICs are stated at contract value, which may or may not equal fair value, in accordance with GAAP. Contract value includes principal invested, plus interest credited, less benefit payments and administrative expenses. Listed below are the Plan's investments in GICs:

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W.R. GRACE & CO.
SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

ISSUER	RATE	VALUE AT DECEMBER 31,		MATURITY
		1998	1997	
Metropolitan Life Insurance Co.	6.88%	\$ -	\$ 19,986,014	Jun-2002
	7.00%	-	51,106,892	Dec-2000
	6.99%	45,767,802	-	Jun-2002
Monumental Life Insurance Co.	6.92%	31,476,330	37,002,452	Dec-2001
	6.45%	16,417,535	12,309,697	Dec-2002
Prudential Life Insurance Co.	9.15%	30,716,762	85,563,609	Jun-2000
New York Life Insurance Co.	5.96%	18,307,778	21,717,053	Dec-1999
	6.68%	16,687,822	19,661,763	Jun-2003
	5.89%	7,847,744	-	Jun-2001
John Hancock Mutual Life Ins. Co.	6.06%	9,006,416	21,347,025	Jun-1998, Jun-2000
	7.04%	20,584,207	24,164,144	Jun-2001
	7.85%	-	21,279,854	Feb-1998
Pacific Mutual Life Insurance Co.	6.92%	12,941,822	15,213,946	Jun-2002
	6.14%	16,289,981	-	Dec-2001, Jun-2002, Dec-2003
Transamerica Life Insurance Co.	6.18%	12,027,123	-	Mar-2002, Sep-2002
Principal Life Insurance Co.	6.10%	9,910,960	-	Sep-1999
TOTAL CONTRACTS		\$247,982,282	\$329,352,449	

NOTE 4 - FEDERAL INCOME TAXES:

On July 13, 1995, the Internal Revenue Service issued a letter stating that the Plan, as then in effect, was in compliance with the applicable requirements of the Code. The Plan has been amended since the issuance of this determination letter. However, the Plan Fiduciaries believe that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, the Plan Fiduciaries believe the Plan continues to be qualified, and the related Trust continues to be tax exempt.

NOTE 5 - PLAN TERMINATION:

Grace anticipates that the Plan will continue indefinitely, but reserves the right to amend or discontinue the Plan at any time. A participating business unit may terminate its participation in the Plan with the approval of Grace's

Board of Directors.

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SIGNATURES

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

W. R. GRACE & CO.
SALARIED EMPLOYEES
SAVINGS AND INVESTMENT PLAN

By: /s/ P. C. DONAYRI

P. C. Donayri
Chairman, Administrative
Committee

Date: June 28, 1999

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 333-49703) of W. R. Grace & Co. of our report dated June 18, 1999 appearing on page F-1 of the Annual Report of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan on Form 11-K for the year ended December 31, 1998.

PRICEWATERHOUSECOOPERS LLP

/s/ PRICEWATERHOUSECOOPERS LLP

Ft. Lauderdale, Florida
June 28, 1999