W. R. Grace & Co.

Second Quarter 2013
Business Update

July 25, 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.

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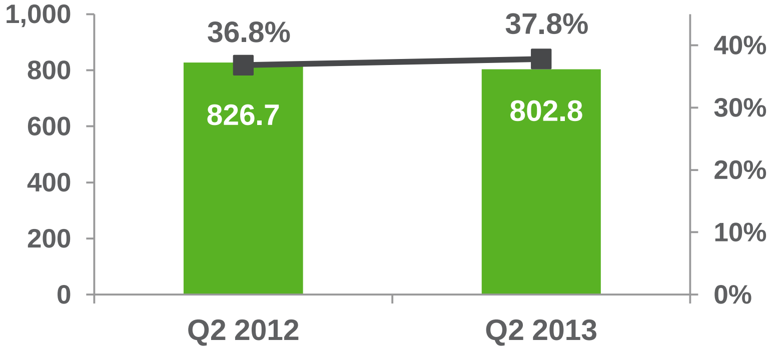
Highlights of Q2 2013 – CEO Commentary

- Q2 results in line; good contribution by all segments
- Materials Technologies and Construction Products on track for H2
- Catalyst Technologies facing tougher H2
  - FCC price increase objectives not being achieved
  - Volume loss to competitors greater than projected
- Actions underway to respond
  - Introducing 7 new catalyst technologies for shale oil, heavy resid and improved propylene production
  - Shutting down 35 kMT silica sol capacity
- Up to $30-40 million in risk to 2014 Adjusted EBITDA goal

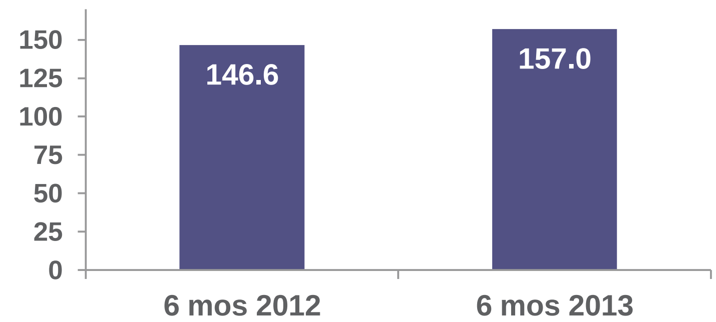
Q2 2013 Financial Performance

Sales ($M) / Gross Margin



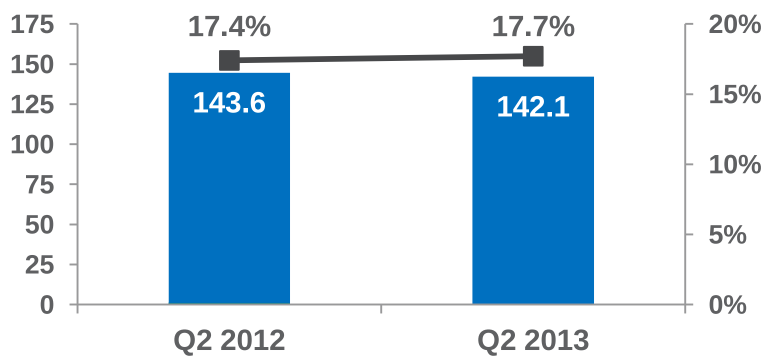
3% decrease largely due to lower RE surcharge

Adjusted Free Cash Flow* ($M)



7% increase in cash flow

Adjusted EBIT* ($M) / Adjusted EBIT Margin



1% decrease in Adjusted EBIT

Adjusted EBIT Return on Invested Capital*

Decrease due to lower LTM Catalysts operating income

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

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Grace Business Results* – Q2 2013

(in millions of dollars except EPS)	Q2 2012	Q2 2013	Y/Y Change	Q1 2013	Q/Q Change
Net Sales	826.7	802.8	-2.9%	709.9	13.1%
Gross Profit	304.1	303.3	-0.3%	263.8	15.0%
Gross Margin	36.8%	37.8%	100 bps	37.2%	60 bps
Adjusted EBIT	143.6	142.1	-1.0%	104.9	35.5%
Adjusted EBIT Margin	17.4%	17.7%	30 bps	14.8%	290 bps
Adjusted EBITDA Margin	21.0%	21.5%	50 bps	19.2%	230 bps
Adjusted EBIT ROIC	36.1%	33.6%	-250 bps	34.8%	-120 bps
Diluted EPS	0.90	1.07	18.9%	0.69	55.1%
Adjusted EPS	1.14	1.12	-1.8%	0.81	38.3%

Factors impacting sales Y/Y: Price = -2.5%; FX = -1.5%; Volume = +1.1%

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

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Grace Business Results* – 6 months 2013

(in millions of dollars except EPS)	6 mos 2012	6 mos 2013	Y/Y Change
Net Sales	1581.1	1512.7	-4.3%
Gross Profit	581.2	567.1	-2.4%
Gross Margin	36.8%	37.5%	70 bps
Adjusted EBIT	254.9	247.0	-3.1%
Adjusted EBIT Margin	16.1%	16.3%	20 bps
Adjusted EBITDA Margin	19.9%	20.4%	50 bps
Adjusted EBIT ROIC	36.1%	33.6%	-250 bps
Diluted EPS	1.70	1.75	2.9%
Adjusted EPS	2.02	1.94	-4.0%

Factors impacting sales Y/Y: Price = -3.7%; FX = -1.2%; Volume = +0.6%

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

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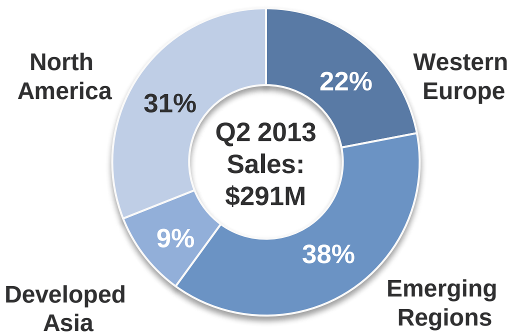
Catalysts Technologies – Q2 2013 Results

- **Price decline due to lower rare earth surcharges**
- **Volume decline due to lower PO catalyst sales**
- **Refinery catalyst sales unchanged**
- **Gross margin improvement due to lower material and manufacturing costs**

(in millions of dollars)	Q2 2012	Q2 2013	Q1 2013	Y/Y Change	Q/Q Change
Sales	328.6	290.9	266.5	-11.5%	9.2%
Gross Margin	*40.4%*	*42.0%*	*40.3%*	*160 bps*	*170 bps*
Operating Income	100.3	93.8	77.2	-6.5%	21.5%
Operating Margin	*30.5%*	*32.2%*	*29.0%*	*170 bps*	*320 bps*



Factors Impacting Sales

Y/Y Change	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Volume	2.1%	0.4%	8.0%	-0.4%	**-1.5%**
Price	0.2%	-14.9%	-16.9%	-14.1%	**-9.4%**
Currency	-4.2%	-4.5%	-1.8%	-0.2%	**-0.6%**
Total	**-1.9%**	**-19.0%**	**-10.7%**	**-14.7%**	**-11.5%**

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Catalysts Technologies – FCC Pricing Update

- Competitive losses projected at annualized rate of $60 million
- Introduction of new technology targeted for unique feedstocks
- Closure of manufacturing capacity for older technology
- View on 2013
  - Q3: Lower volumes due to lost sales; unfavorable operating leverage and lower ART earnings; earnings below Q1
  - FY: Sales down due to lower rare earth surcharges, volumes and base pricing; 41% gross margin; segment operating income down more than 10%
- View on 2014
  - Tight supply hypothesis intact due to view on refinery start ups, propylene production, capacity shut downs
  - Pricing opportunity as industry dynamics improve
  - Position new products for sales volume recovery

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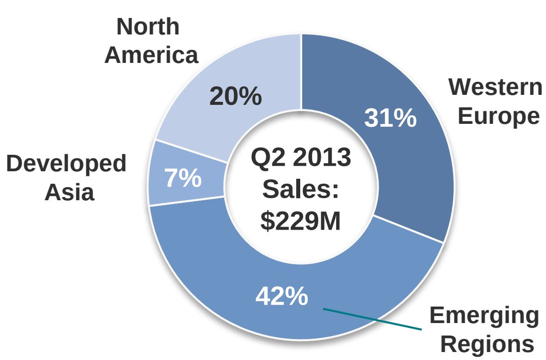
Materials Technologies – Q2 2013 Results

- **5% sales growth in emerging regions due to strong Asia sales**
- **4% sales growth in Europe offset by lower sales in North America**
- **Sequential decrease in gross margin as expected due to Q1 operating strategy**
- **H1 gross margin of 34.4% above target**

(in millions of dollars)	Q2 2012	Q2 2013	Q1 2013	Y/Y Change	Q/Q Change
Sales	**224.3**	**228.7**	**214.9**	**2.0%**	6.4%
Gross Margin	***33.5%***	***33.7%***	***35.1%***	***20 bps***	*-140 bps*
Operating Income	**46.4**	**44.8**	**44.3**	**-3.4%**	1.1%
Operating Margin	***20.7%***	***19.6%***	***20.6%***	***-110 bps***	*-100 bps*



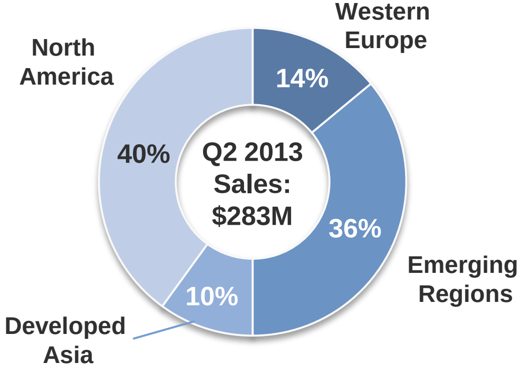
Factors Impacting Sales

Y/Y Change	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Volume	-1.3%	4.2%	5.0%	-0.1%	**1.8%**
Price	2.4%	0.6%	0.9%	1.8%	**2.5%**
Currency	-5.1%	-8.2%	-3.2%	-1.2%	**-2.3%**
Total	**-4.0%**	**-3.4%**	**2.7%**	**-0.5%**	**2.0%**

Construction Products – Q2 2013 Results

- **12% sales growth in emerging regions, particularly developing Asia and Latin America**
- **North America sales unchanged; strong SBM sales offset poor SCC sales, likely due to wet weather**
- **Decline in Europe slowing; major SBM project starts offset by lower SCC sales**
- **Stronger H2 projected**

(in millions of dollars)	Q2 2012	Q2 2013	Q1 2013	Y/Y Change	Q/Q Change
Sales	273.8	**283.2**	**228.5**	**3.4%**	23.9%
Gross Margin	*35.1%*	***36.8%***	***35.5%***	***170 bps***	*130 bps*
Operating Income	35.5	**45.3**	**22.8**	**27.6%**	98.7%
Operating Margin	*13.0%*	***16.0%***	***10.0%***	***300 bps***	*600 bps*



Factors Impacting Sales

Y/Y Change	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Volume	7.5%	1.1%	2.8%	0.5%	**3.6%**
Price	2.7%	1.1%	0.8%	1.2%	**1.8%**
Currency	-4.0%	-5.8%	-1.3%	-1.6%	**-2.0%**
Total	**6.2%**	**-3.6%**	**2.3%**	**0.1%**	**3.4%**

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2013 Outlook (at July 25, 2013)

Adjusted EBIT $560 – $570 million
Adjusted EBITDA $685 – $695 million

Key Assumptions	
Sales	• Sales of ~$3.1 billion • Organic growth of ~3% • Headwinds of ~$130 million from lower rare earth and currency • Lower Catalyst sales due to volume loss and pricing
Margin	• Gross margin in the range of 36 – 38% • Catalyst operating income >10% lower from prior year • Average euro exchange rate of $1.30 for the year • $45 MM lower pension expense due to Q4 adoption of MTM pension accounting
Adjusted EPS	• Book effective tax rate of 34%; Cash tax rate of 14% • Diluted shares outstanding at year end of 78 million
Cash flow	• Adjusted Free Cash Flow >$400 million • Capital expenditures in the range of $170 – $180 million • Accelerated pension contribution of $50 million in Q1

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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)

	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$517.4**	**$111.3**	**$143.6**	**$129.1**	**$133.4**	**$104.9**	**$142.1**
Adjustments:									
Costs related to Chapter 11	(25.5)	(23.9)	(15.6)	(4.0)	(22.9)	(3.8)	(4.5)	(3.8)	(3.3)
Asbestos-related costs	(9.8)	(20.8)	(392.2)	(1.2)	(2.3)	(1.9)	(367.2)	(2.1)	(2.1)
Restructuring expenses and related asset impairments	(11.2)	(6.9)	(6.9)	(3.0)	(2.3)	(1.1)	(0.5)	(0.8)	(4.3)
Certain costs related to divested businesses	0.0	(0.4)	(0.2)	(0.2)	0.0	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	0.0	0.0	(6.9)	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
EBIT	**279.9**	**426.2**	**102.3**	**102.9**	**116.1**	**122.1**	**(238.8)**	**91.3**	**132.4**
Benefit from (provision for) income taxes	(32.5)	(114.7)	37.3	(30.8)	(35.8)	(35.4)	139.3	(28.1)	(38.8)
Interest income of non-Debtor subsidiaries	1.0	1.2	1.0	0.1	0.3	0.3	0.3	0.2	0.1
Interest expense	(41.3)	(43.3)	(46.5)	(11.3)	(11.3)	(11.5)	(12.4)	(10.5)	(10.9)
Net Income (GAAP)	**$207.1**	**$269.4**	**$94.1**	**$60.9**	**$69.3**	**$75.5**	**($111.6)**	**$52.9**	**$82.8**
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
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
Legal defense costs	0.1	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)
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
Certain other currency translation costs, net	4.3	1.2	0.6	0.9	(0.6)	(0.3)	0.6	(0.8)	0.4
COLI income, net	0.1	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**

* 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:	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 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
Grace Materials Technologies segment operating income	160.0	158.7	162.0	36.1	46.4	39.8	39.7	44.3	44.8
Grace Construction Products segment operating income	89.9	97.3	125.2	20.5	35.5	36.7	32.5	22.8	45.3
Corporate support functions	(63.6)	(74.8)	(66.3)	(19.7)	(15.1)	(16.0)	(15.5)	(16.2)	(17.4)
Other corporate costs (including environmental remediation)	(22.4)	(28.0)	(26.1)	(5.7)	(6.7)	(5.8)	(7.9)	(4.6)	(6.3)
Defined benefit pension expense	(77.1)	(63.4)	(71.2)	(18.8)	(16.8)	(17.6)	(18.0)	(18.6)	(18.1)
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$517.4**	**$111.3**	**$143.6**	**$129.1**	**$133.4**	**$104.9**	**$142.1**

Adjusted Free Cash Flow:	2010	2011	2012	Q2 2012	Q2 2013
Net cash provided by (used for) operating activities	**$325.9**	**$219.4**	**$453.6**	**$119.7**	**$170.3**
Capital expenditures	(111.1)	(144.0)	(138.5)	(66.4)	(73.7)
Free Cash Flow	**214.8**	**75.4**	**315.1**	**53.3**	**96.6**
Chapter 11 expenses paid	28.6	20.6	15.5	6.5	7.1
Accelerated defined benefit pension plan contributions	-	180.0	83.4	83.4	50.0
Expenditures for asbestos-related environmental remediation	2.8	2.4	7.2	3.4	3.3
Adjusted Free Cash Flow (Non-GAAP)	**$246.2**	**$278.4**	**$421.2**	**$146.6**	**$157.0**

Adjusted EBIT Return On Invested Capital (trailing four quarters):	2010	2011	2012	Q2 2012	Q2 2013
Adjusted EBIT (Non-GAAP)	**$326.4**	**$478.6**	**$517.4**	**$505.0**	**$509.5**
Trade accounts receivable	386.1	473.0	490.4	510.5	481.5
Inventories	259.3	329.1	278.6	317.0	313.4
Accounts payable	(215.6)	(257.6)	(252.0)	(259.9)	(282.7)
Net working capital	**429.8**	**544.5**	**517.0**	**567.6**	**512.2**
Other current assets	74.9	82.6	62.4	78.6	75.9
Properties and equipment, net	702.5	723.5	770.5	720.3	772.6
Goodwill	125.5	148.2	196.7	145.4	201.2
Investment in unconsolidated affiliate	56.4	70.8	85.5	76.8	99.5
Other assets	97.5	103.3	107.2	98.3	113.2
Other current liabilities	(223.1)	(254.0)	(252.3)	(233.7)	(203.4)
Other liabilities	(58.3)	(60.9)	(56.5)	(55.6)	(55.7)
Total invested capital	**$1,205.2**	**$1,358.0**	**$1,430.5**	**$1,397.7**	**$1,515.5**
Adjusted EBIT Return On Invested Capital (Non-GAAP)	**27.1%**	**35.2%**	**36.2%**	**36.1%**	**33.6%**

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

(in millions, except per share amounts)	Three Months Ended June 30, 2013 Pre-Tax	Tax at Actual Rate	After-Tax	Per Share	Three Months Ended June 30, 2012 Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 1.07**				**$ 0.90**
Costs related to Chapter 11	$ 3.3	$ 0.9	$ 2.4	0.03	$ 3.4	$ 1.0	$ 2.4	0.03
Asbestos-related costs	2.1	0.8	1.3	0.02	21.8	7.7	14.1	0.19
Restructuring expenses and related asset impairments	4.3	1.4	2.9	0.04	2.3	0.6	1.7	0.02
Discrete tax items:								
Discrete tax items, including adjustments to uncertain tax positions		3.1	(3.1)	(0.04)		(0.1)	0.1	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 1.12**				**$ 1.14**

	Six Months Ended June 30, 2013 Pre-Tax	Tax at Actual Rate	After-Tax	Per Share	Six Months Ended June 30, 2012 Pre-Tax	Tax at Actual Rate	After-Tax	Per Share
Diluted Earnings Per Share (GAAP)				**$ 1.75**				**$ 1.70**
Costs related to Chapter 11	$ 7.1	$ 1.7	$ 5.4	0.08	$ 7.4	$ 2.0	$ 5.4	0.07
Asbestos-related costs	4.2	1.5	2.7	0.03	23.0	8.1	14.9	0.20
Restructuring expenses and related asset impairments	5.1	1.6	3.5	0.05	5.3	1.6	3.7	0.05
Currency transaction loss on cash in Venezuela	6.9	2.6	4.3	0.06	-	-	-	-
Discrete tax items:								
Discrete tax items, including adjustments to uncertain tax positions		3.2	(3.2)	(0.03)		(0.3)	0.3	-
Adjusted Earnings Per Share (non-GAAP) (A)				**$ 1.94**				**$ 2.02**

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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