

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2009-09-18** | Period of Report: **2009-09-17**

SEC Accession No. [0001104659-09-055062](#)

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FILER

W R GRACE & CO

CIK: **1045309** | IRS No.: **650773649** | State of Incorporation: **DE** | Fiscal Year End: **1231**

Type: **8-K** | Act: **34** | File No.: **001-13953** | Film No.: **091075433**

SIC: **2800** Chemicals & allied products

Mailing Address

7500 GRACE DRIVE
COLUMBIA MD 21044

Business Address

7500 GRACE DRIVE
COLUMBIA MD 21044
410 531 4000

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) **September 17, 2009**

W. R. GRACE & CO.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-13953

(Commission File Number)

65-0773649

(IRS Employer Identification No.)

7500 Grace Drive

Columbia, Maryland

(Address of Principal Executive Offices)

21044

(Zip Code)

(410) 531-4000

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

W. R. GRACE & CO.

**FORM 8-K
CURRENT REPORT**

Item 2.02 Results of Operations and Financial Condition.

Item 7.01. Regulation FD Disclosure.

The following information is furnished pursuant to both Item 2.02 and Item 7.01 of Form 8-K.

W. R. Grace & Co. (“Grace”) has prepared presentation materials (the “Investor Presentation”) that management intends to use from time to time after September 18, 2009 in presentations about Grace’s operations and performance. Grace may use the Investor Presentation, possibly with modifications, in presentations to current and potential investors, lenders, creditors, business partners, acquisition candidates, asset sellers, vendors, customers, employees and others with an interest in Grace and its business.

The information contained in the Investor Presentation is summary information that should be considered in the context of Grace’s filings with the Securities and Exchange Commission and other public announcements that Grace may make by press release or otherwise from time to time. The Investor Presentation speaks as of the date of this Report. While Grace may elect to update the Investor Presentation in the future to reflect events and circumstances occurring or existing after the date of this Report, Grace specifically disclaims any obligation to do so.

By furnishing this Current Report on Form 8-K and furnishing the Investor Presentation, Grace makes no admission as to the materiality of any information in this Report or the Investor Presentation. The Investor Presentation may contain forward-looking statements. See Page 2 of the Investor Presentation for a discussion of certain forward-looking statements that may be included therein and the risks and uncertainties related thereto.

The Investor Presentation is furnished as Exhibit 99.1 to this Report and is incorporated herein by reference. The Investor Presentation is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as may be expressly set forth by specific reference in such a filing.

The Investor Presentation is available on the Grace website at www.grace.com and a hard copy may be obtained free of charge by contacting Grace Shareholder Services at 410-531-4167. Materials on the Grace website are not part of or incorporated by reference into this Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation dated September 18, 2009

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

W. R. GRACE & CO.

(Registrant)

By /s/ Michael W. Conron

Michael W. Conron

Assistant Secretary

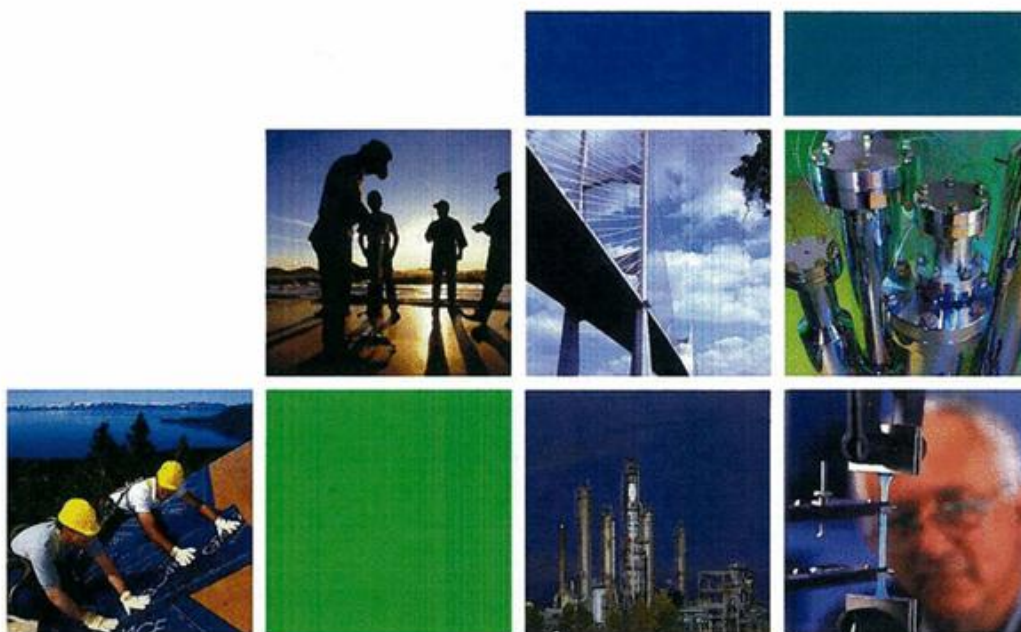
Dated: September 17, 2009

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation dated September 18, 2009

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W. R. Grace & Co. Company Overview

September 18, 2009

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Enriching Lives, Everywhere.™

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements, that is, information related to future, not past, events. Such information generally includes the words "believes," "plans," "intends," "targets," "will," "expects," "anticipates," "continues" or similar expressions. 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. Grace is subject to risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements or that could cause other forward-looking information to prove incorrect. Factors that could cause actual results to materially differ from those contained in the forward-looking statements include: Grace's bankruptcy and proposed plan of reorganization, the availability of financing for Grace's proposed plan of reorganization, Grace's legal proceedings, the cost and availability of raw materials and energy, Grace's unfunded pension liabilities, costs of environmental compliance, risks related to foreign operations, especially security, regulation and currency risks, 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 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 and net cash provided by operating activities) are provided in the Appendix.

GRACE

As a premier specialty chemical and materials company, we provide innovative technologies and value-added solutions to customers around the world.

We are dedicated to our customers. They trust us to provide products, knowledge, technologies, services and the people to make their products work better.

Enriching Lives, *Everywhere.*™



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Grace
Founded
1854

1865 W. R. Grace & Co. relocates from Peru to New York City.

1890 Grace inaugurates steamship service between New York and South America.

1953 Grace lists on New York Stock Exchange with ticker symbol GRA.

1954 Grace acquires Davison Chemical Company and Dewey & Almy Chemical Company, establishing the basis for the Company's catalysts, packaging, silicas and construction product lines.

1972 Grace builds its first European manufacturing facility for catalysts and silica products in Worms, Germany.

1987 Grace becomes the first wholly foreign-owned company to do business in The People's Republic of China with a can sealant plant in Shanghai.

2001 Grace files for protection under Chapter 11 of the U.S. bankruptcy code to address its asbestos liabilities.

2003 Fred Festa joins Grace.

2007 Grace opens a new facility in India, and expands R&D capabilities in Poland and China.

2008 Grace expands presence in Middle East with new regional office in Dubai.

GRACE

Our Core Strengths



- Materials Science Expertise
- Innovation-Driven
- Customer Focus

Materials Science Expertise

- History of innovation and industry leading technology
- Extensive and knowledgeable R&D teams with growing network

Innovation-Driven

- Provide technically advanced solutions to customer challenges
- Significant investment in R&D – \$83 million in 2008

Customer Focus

- Our products are highly integrated into our customers' manufacturing processes and formulations
- Our customers rely on us to make their products better

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Large Global Industries

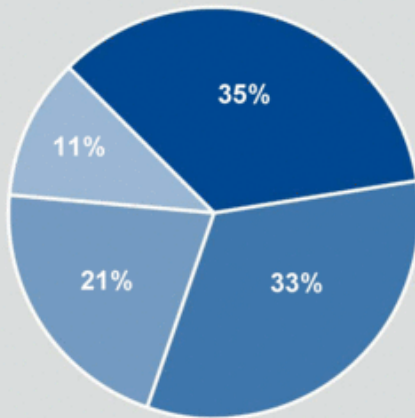
Industry Segment (2008)	Grace Product Group Sales (2008)	Growth Drivers
Energy and Refining \$2.9 trillion	Refining Technologies \$1.1 billion	Global demand for energy Government regulations / legislation Technology
Consumer, Industrial and Packaging \$9 trillion	Materials Technologies \$0.7 billion	Emerging economies Lifestyle and consumer spending habits Sustainability
Plastics, Petrochemicals and Biochemical \$3+ trillion	Specialty Technologies \$0.4 billion	GDP / population growth Government regulations / legislation Economic development Aging of population "Green" / renewables
Pharma, Life Science and Analytical \$780 billion		
Building and Infrastructure \$6.5 trillion	Construction Products \$1.1 billion	Economic development / population growth Energy / environmental conservation Government regulations / legislation

GRACE

Balanced Business Profile

2008

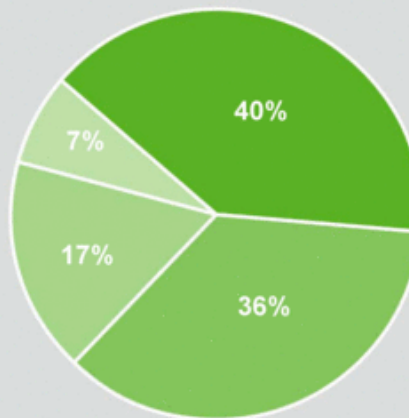
Grace
(Sales by Product Group)



- **\$1.1 billion** Grace Construction Products
- **\$1.1 billion** Grace Davison Refining Technologies
- **\$0.7 billion** Grace Davison Materials Technologies
- **\$0.4 billion** Grace Davison Specialty Technologies

2008

Grace
(Sales by Region)

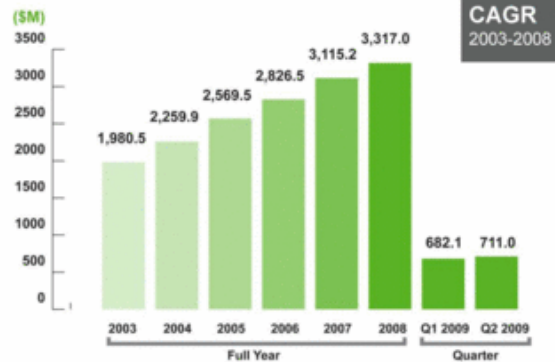


- **\$1.3 billion** Europe and Africa
- **\$1.2 billion** North America
- **\$0.6 billion** Asia Pacific
- **\$0.2 billion** Latin America

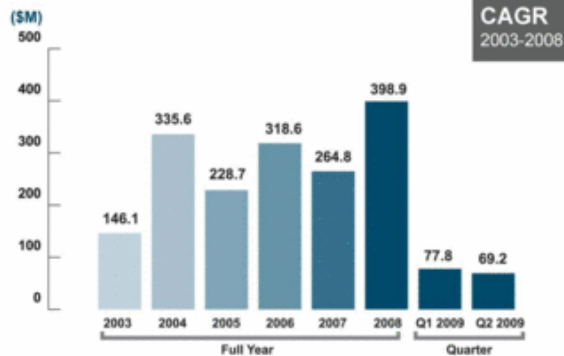
GRACE

Financial Performance Record

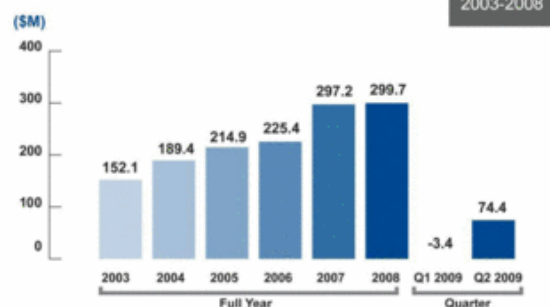
Grace Sales



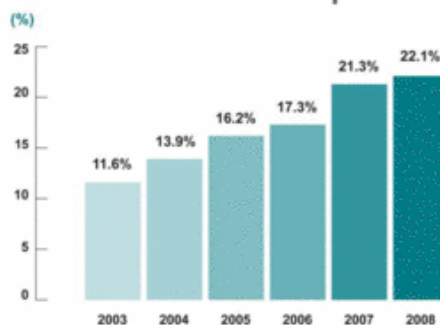
Operating Free Cash Flow*



Grace Core EBIT*



Grace Core EBIT Return On Invested Capital*

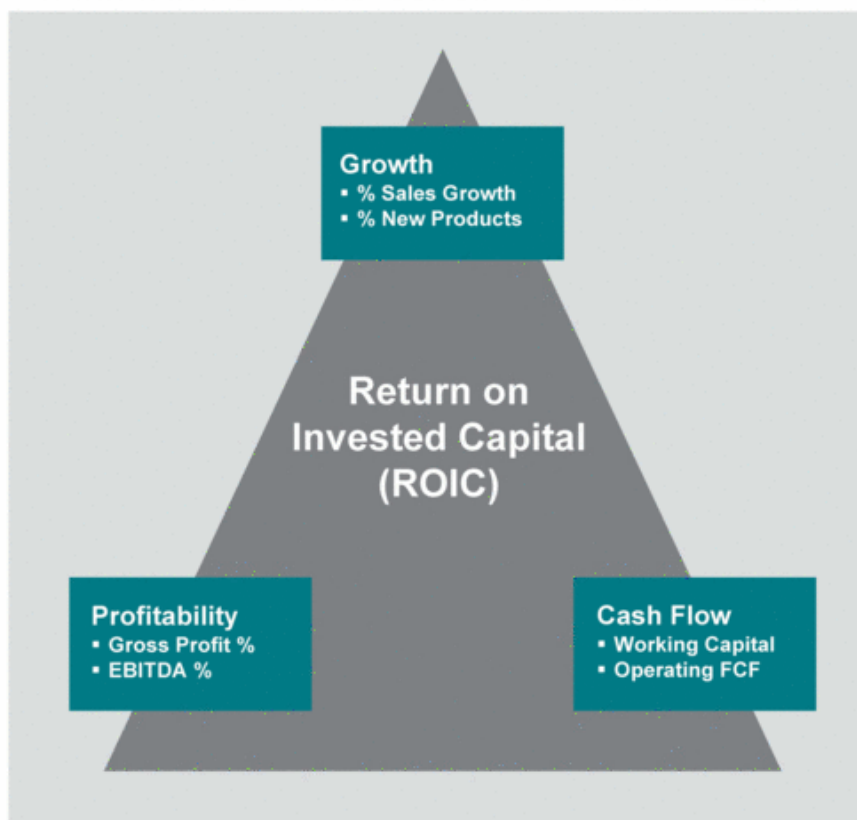


Amounts have been restated to reflect a change from LIFO to FIFO, where applicable.

Balanced Financial Performance

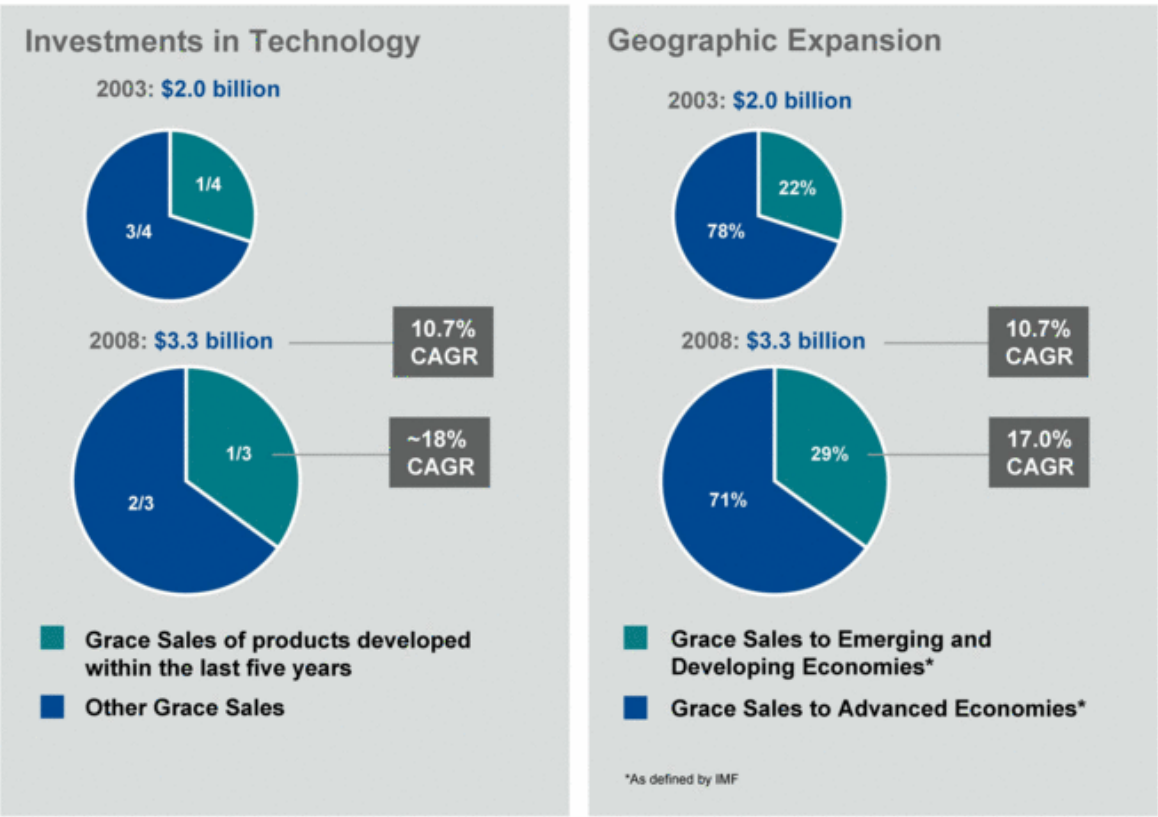
We drive sustainable long-term financial performance with a balanced focus on growth, profitability and cash flow.

ROIC is used to evaluate operating strategies and portfolio investment opportunities.



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Sales Growth



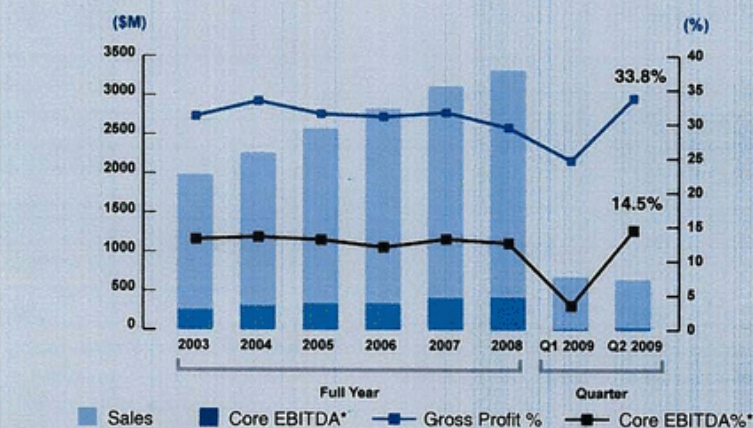
We create value through innovation, customer focus and targeted investment

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Profitability

Sales and Profitability



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



Profitability Drivers:

Sales growth:

- Scale lower fixed costs as customer demand recovers
- Leverage existing global infrastructure to grow in emerging economies

Product margins:

- Reduce input costs (supply chain and sustaining engineering)
- Increase margins through new products and innovative solutions

Productivity and restructuring:

- Consolidate benefits of 2008 and 2009 restructurings
- Continue plant and office productivity programs
- Portfolio restructuring and divestitures

Managing in an Economic Downturn:

- Stay focused on creating value for customers
- Maximize the amount of raw material deflation
- Increase manufacturing flexibility and reduce fixed costs
- Minimize operating expenses
- Manage for cash: reduce inventories, improve collections, reduce capital investments

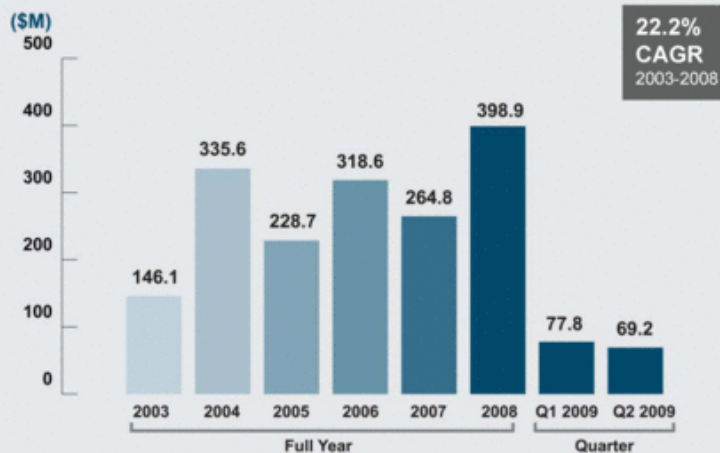
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Cash Flow

Our focus on cash has generated \$221 million in working capital reductions since June 2008:

- Inventory reduced from 72 days to 62 days
- Past due receivables reduced by 3.5 percentage points
- Payment terms with suppliers renegotiated, adding 14 days to our average days payable

Operating Free Cash Flow*



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

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OFCF measures the net cash flow generated from our core operating activities:

- Core EBITDA
- Working capital increases and decreases
- Capital expenditures

OFCF excludes cash flows from strictly corporate and noncore activities such as:

- Defined benefit pension plans
- Taxes
- Chapter 11 expenses

OFCF is available to invest in growth opportunities:

- Strategic capital investments
- Acquisitions

And is used to pay:

- Debt service
- Defined benefit pension plans
- Taxes

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Capital Structure

We expect to emerge from Chapter 11 with an appropriate capital structure:

- Funded debt at 2.7x projected 2009 Core EBITDA*
- \$250 million in revolvers in the US and Europe
- Flexibility to continue to invest and grow

We are in advanced discussions regarding our exit financing:

- We expect to select our lead investment bank in September, following a rigorous 3 month process initially involving eight competing financial institutions
- Now negotiating credit agreements and preparing marketing materials
- Public credit ratings to be obtained and announced as we approach emergence

Capital structure effects of Plan of Reorganization:

- \$1.4 billion net reduction in liabilities at emergence
- Deferred payments due 2019-2033 are subordinated to exit financing and all future refinancings
- Warrants to purchase 10 million common shares at \$17/share

*2.7x leverage ratio based on exit financing net proceeds of \$950 million and 2009 Core EBITDA of \$357 million as projected in Grace's February 27, 2009 Disclosure Statement. Definitions of Non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix.

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Management Team



Fred Festa

Chairman, President and Chief Executive Officer, W. R. Grace & Co.

- Joined Grace as president and chief operating officer in 2003; named CEO in 2005
- Former CEO of ICG Commerce; held general management and finance positions at AlliedSignal (now Honeywell) and General Electric



Hudson La Force

Senior Vice President and Chief Financial Officer, W. R. Grace & Co.

- Responsible for Grace's worldwide financial management activities
- Joined Grace in 2008; held general management positions at the U.S. Department of Education (COO) and Dell; held finance leadership positions at Dell and AlliedSignal (now Honeywell)



Greg Poling

Vice President, W. R. Grace & Co. and President, Grace Davison

- Responsible for Grace Davison's product groups: Refining Technologies, Materials Technologies and Specialty Technologies
- Joined Grace in 1977; held leadership positions in sales, marketing, and business development in a variety of Grace businesses; named President of Grace Davison in 2004



Andrew Bonham

Vice President, W. R. Grace & Co. and President, Grace Construction Products

- Responsible for Grace's global construction products group
- Joined Grace in 2005; twenty-five years of management experience including leadership positions held with AlliedSignal (now Honeywell) and General Electric

GRACE

Why Grace?

Grace strengths

- Innovation driven; Customer focused
- Proven leader in large global industries
- Global reach increases scalability and accelerates technology sharing across regions

Robust performance record

- Sales growth driven by innovation and geographic expansion
- Core EBIT growth driven by improving scale and productivity

Execution-focused management team

- Committed to our shareholders, customers and employees
- Acts quickly, in advance of changing market conditions
- Improving profitability in tough economic environment

Opportunities after Chapter 11

- Increased growth opportunities, including acquisitions
- Further investments in global businesses
- Upside valuation potential without Chapter 11 “overhang”
- Reduced earnings impact of Chapter 11 and noncore expenses



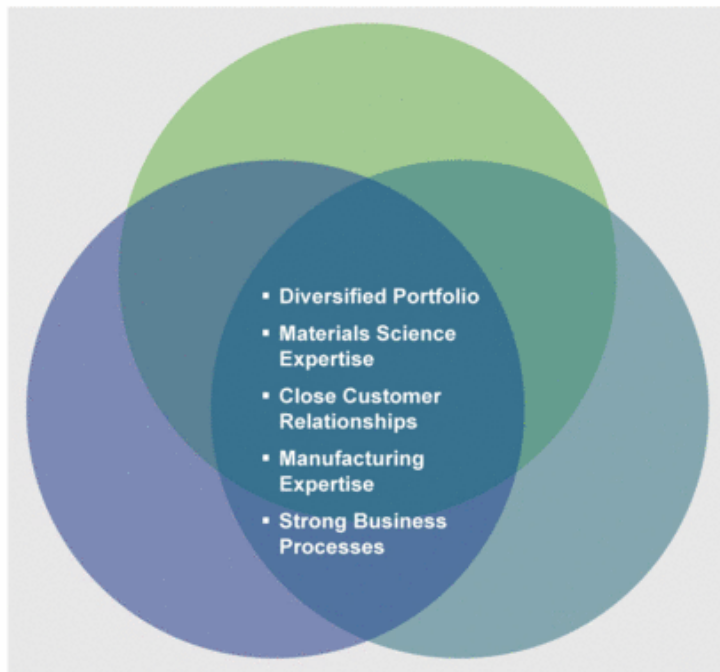
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GRACE
Davison

Grace Davison

Leading provider of specialty chemicals, materials and formulation technologies for a wide variety of industries and applications



Refining
Technologies



Materials
Technologies



Specialty
Technologies

GRACE

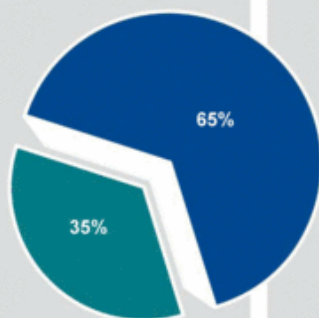
Grace Davison

Specialty chemicals, materials and formulation technologies for:

- Energy and Refining
- Consumer, Industrial and Packaging
- Plastics, Petrochemical and Biochemical
- Pharma / Biotech / Analytical

2008

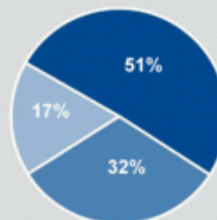
Grace (Sales)



- **\$2.2 billion** Grace Davison
- **\$1.1 billion** Grace Construction Products

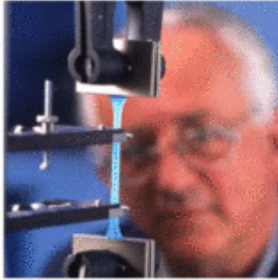
2008

Grace Davison (Sales by Product Groups)



- **\$1.1 billion** Refining Technologies
- **\$0.7 billion** Materials Technologies
- **\$0.4 billion** Specialty Technologies

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- **Diversified portfolio**
 - Wide range of markets and industries
 - Leadership position
 - Global presence
 - Broad range of customers
- **Materials science and formulations expertise**
 - Long history of innovation
- **Long-term, well established customer relationships based on deep industry, application and problem solving expertise**
- **Manufacturing expertise and flexibility**
- **Strong processes drive discipline and productivity**

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Product Groups

Refining Technologies

- **Fluid cracking catalysts (FCC)**
 - Improve yields and quality of gasoline and diesel fuels
- **FCC Additives**
 - Provide environmental solutions for refinery emissions; improve yields of light olefins; allow refiners to meet gasoline sulfur limits
- **Advanced Refining Technologies LLC (a joint venture with Chevron Products Company) – hydroprocessing catalysts**
 - Upgrade heavy oil and remove contaminants

Materials Technologies

- **Multifunctional additives, process aids**
 - Food, cosmetics, toothpaste cleaning abrasives, coatings, print and inkjet media, anticorrosion products, green tires and rubber reinforcement and drying agents
- **Packaging products**
 - Sealants and coatings for consumer packaging
 - Closure sealants and coatings for metal and plastic caps
 - Scavenging products for active packaging

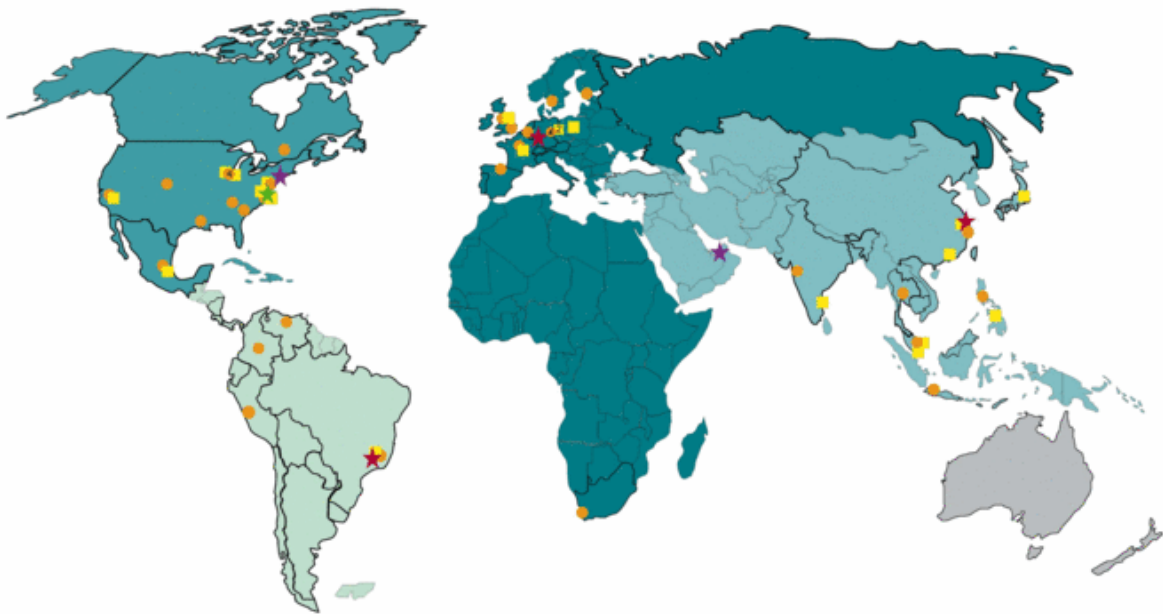
Specialty Technologies

- **Plastics / Polyolefin Technologies**
 - Catalysts, supports and process technologies for the petrochemical industry
- **Renewables: Fuels and Chemicals**
 - Catalysts and adsorbents for renewable feedstocks
- **Pharma / Biotech / Analytical**
 - Solutions for life sciences and analytical sciences applications



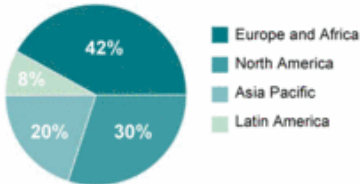
GRACE

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- ★ Global headquarters
- ★ Key offices
- ★ Regional headquarters
- 35 Grace Davison manufacturing sites
- 20 R&D / Technical Service sites / Sales offices

Grace Davison 2008
Sales By Region



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Customer Segment	Refining Technologies	Materials Technologies	Specialty Technologies		
			Plastics / Polyolefin Technologies	Renewables: Fuels and Chemicals	Pharma / Biotech / Analytical
Petroleum					
Chemical (including PetroChem)					
Agri Chem					
Industrial					
Construction					
Personal Care					
Packaging					
Coatings & Print Media					
Pharmaceutical / Biotech					



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A broad range of customers and influencers:

- Long-term, well-established customer relationships based on deep industry, application and problem solving expertise
- Customers' facilities and processes often designed around our product
- High level technical sell
 - Value sell
 - Government / regulatory approvals
 - Technical service
 - Installation
 - Specifications
 - Licensed processes

Competitors

Grace Davison

Top Competitors	Refining Technologies	Materials Technologies	Specialty Technologies		
			Plastics / Polyolefin Technologies	Renewables: Fuels and Chemicals	Pharma / Biotech / Analytical
Agilent Technologies					•
Albemarle	•		•	•	
Altana		•	•		
Arkema / CECA		•			
BASF	•	•	•	•	
Criterion Catalysts & Technologies	•				
Evonik		•			
Haldrup Topsoe	•				
LyondellBasell			•		
PQ Corporation / INEOS		•	•	•	
Regional Competitors	•	•	•	•	•
Univation Technologies			•		
UOP		•	•	•	
Waters					•
Zeochem L.L.C.		•	•	•	

Our successes driven by:

- Breadth of product portfolio
- Materials science expertise enabling product extensions and customizations
- Strong customer relationships built on deep understanding of their requirements



GRACE

History



- History of materials innovation for a broad scope of applications
- Grace Davison pioneered the use of silica gel for military, industrial and consumer applications
 - Silica gel first used for World War I
 - Silica / Alumina used in the production of the world's first fluid cracking catalyst for gasoline
 - Silica / Alumina used in world's first heterogeneous catalysts to make polyethylene polymers

Innovation



Combining expertise in materials, formulation and process chemistry with applications knowledge and customer partnership to develop high value, enabling products

- Disciplined stage-gate process
- Open Innovation
- Design for Six Sigma
- Adjacent space focus

Today



- Materials and new technologies leading to new industry segments, value-added applications, and performance-enhancing attributes
- Approximately 1/3 of 2008 sales was derived from products that were created in the last five years
- Over 390 active patents

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Refining Technologies

- \$1.1 billion revenue (2008)
- 13% CAGR (2003-2008)
- Strong market position
- #1 fluid cracking catalyst supplier
- #1 hydroprocessing - fixed bed resid
- Leading position in ebullating bed and distillate segments



Materials Technologies

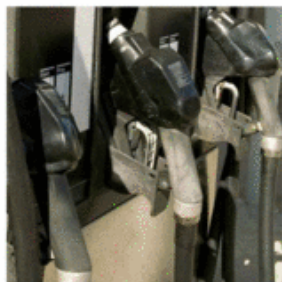
- \$0.7 billion revenue (2008)
- 6% CAGR (2003-2008)
- Diverse customers and markets
- #1 silica gel
- #1 can sealants
- Strong position precipitated and colloidal silica; molecular sieves; can coatings and closures



Specialty Technologies

- \$0.4 billion revenue (2008)
- 14% CAGR (2003-2008)
- Growth in plastics, renewable fuels and chemicals, pharmaceuticals and biotech
- Unique position in polyethylene and polypropylene catalysts; renewable fuels and chemicals; and drug discovery

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Catalysts for the oil refining industry

Fluid Cracking Catalysts (FCC)

- World's largest supplier of FCC catalysts and additives

Advanced Refining Technologies LLC (ART)

(joint venture with Chevron Products Company)

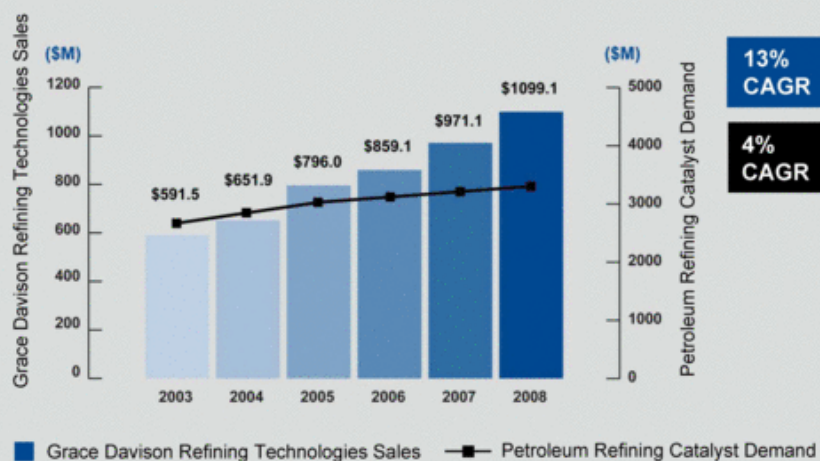
- Leading supplier of hydroprocessing catalysts

Strengths:

- Globally positioned to meet customer needs
- R&D and materials expertise to develop unique products for specific refinery requirements
- Strong manufacturing base and production flexibility
- Broad product portfolio
- Industry leading technical service

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Sales Growth



Segments we serve:

FCC Catalysts and Additives

- \$1.7 billion segment
- 2-3% growth

Hydroprocessing Catalysts

- \$1.1 billion segment
- 3-5% growth

Performance:

- Revenue growth above industry averages
- Focused on improving margins:
 - Value and solutions selling
 - Leading technology and R&D creates competitive gap
 - Manufacturing and operational excellence
 - Managing supply chain

Opportunities:

- Deliver solutions and value to customers
- Commercialize new products tailored to industry trends of dieselization, clean fuels and heavy oil processing
- Optimize capacity utilization and manufacturing flexibility
- Solve raw material challenges through supply chain initiatives and focus

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Key Drivers:

- Tightening of global environmental regulations and legislation
- Increasing trend towards opportunity crude processing and diesel maximization
- Increased refining capacity in developing countries

Strategic Growth Opportunities:

- Expanding opportunities for hydrotreating catalysts, gasoline sulfur reduction products and environmental additives globally
- New catalysts for opportunity crudes, such as heavy resids; growth in FCC catalysts for light cycle oil maximization and hydrocracker / hydrocracker pretreat catalysts
- Strengthen relationships and technical presence in emerging areas and implement regional solutions for different feeds and operating strategies

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History of innovation tailoring material functionality for a diversity of applications

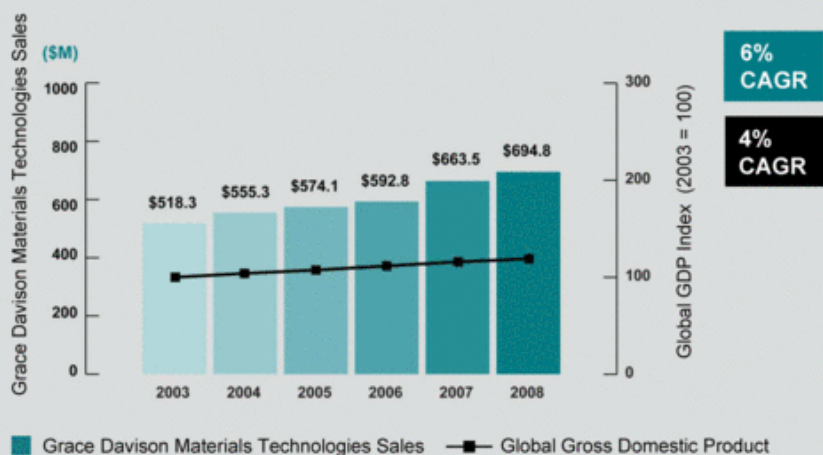
- Leading supplier of materials-based specialty products and formulations for a variety of food / beverage, consumer, coatings, industrial and packaging uses

Strengths:

- Strong technology base
- Diversified portfolio of products
- Broad scope of industries with high value niches
- Deep customer relationships and applications expertise
- Well-established global infrastructure

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Sales Growth



\$9 trillion = Grace estimate based on data from Standard & Poor's Industry Reports (2007) for paper, household nondurable and durable, appliances, furniture, food, beverages, electronics, auto and auto parts, and home improvement.



Industry Segments

Consumer,
Industrial and
Packaging

Industry Segment Size

\$9 trillion

Performance:

- Revenue growth above industry averages
 - Emerging market development
 - Continuing to identify new market niches
 - Manufacturing and operational excellence

Opportunities:

- Leverage growth in emerging economies
- Launch new high value products for specific niche markets such as sustainable coating technologies, high resolution print media, high cleaning toothpaste formulations, green tires, EHS-compliant sealants and active packaging
- Leverage global manufacturing and supply chain capabilities
- Provide high level global technical service support

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Key Applications for Materials Technologies

Grace Davison

We provide enabling technologies for many of the consumer and industrial products you use every day – invisible, but you would see, feel and taste the difference without them



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Key Drivers:

- Population growth in emerging economies
- Regulatory changes and growth of "green" technologies
- Trend to healthier and convenience consumer products
- Energy efficiency
- Penetration of major brands in consumer and beverage segments

Strategic Growth Opportunities:

- Expand geographic footprint and capture growth in emerging economies
- Focus innovation on high value niches which offer above average margin generation
 - Electronics / digital media segment
 - Active compounds and barrier techniques
 - Green tires
 - Specialty cosmetic / toothpaste ingredients
- Leverage sales coverage and application expertise with bolt-on acquisitions in key product categories

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Leverage functionality expertise for specialized, niche applications in high growth industries

Three growth programs:

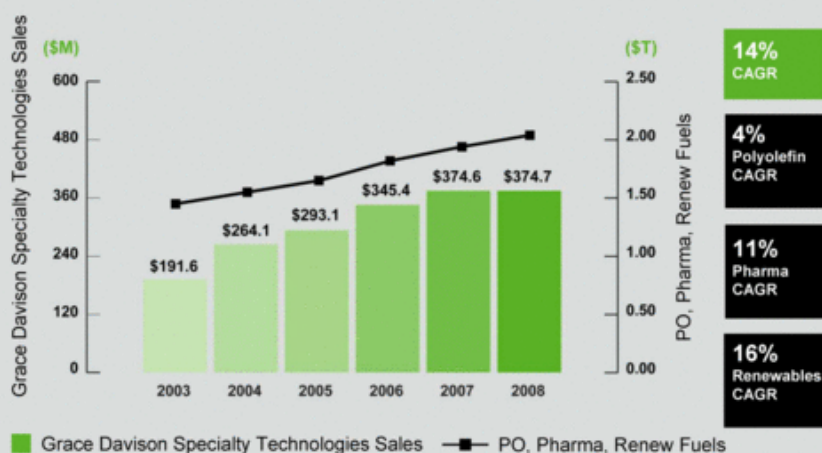
- Plastics
- Renewable fuels and chemicals
- Pharma / Biotech / Analytical

Strengths:

- Uniquely positioned with major industry players and customer access
- Expertise in catalyst technology and manufacturing
- Successful integration of bolt-on acquisitions to move into higher growth segments
- Well-positioned globally to serve emerging economies

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Sales Growth



Industry Segments
 Plastics, Petrochemicals and Biochemicals
Industry Segment Size
 \$3+ trillion
Industry Segments
 Pharma / Biotech / Analytical
Industry Segment Size
 \$780 billion

Performance:

- Revenue growth above industry averages
 - Product extensions into adjacent segments
 - Segment and product portfolio enhancements through acquisitions
 - Emerging region development

Opportunities:

- Plastics** - partnering with leading polyolefin process technology providers and expanding into high growth polypropylene segment
- Renewable Energy and Chemicals** - new products using existing materials science
- Pharma / Biotech / Analytical** - successful integration of acquired businesses; recent launch of REVELERIS™ Flash System

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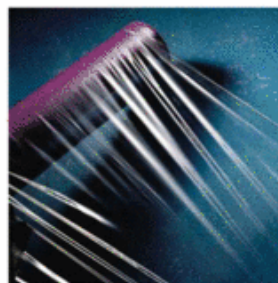
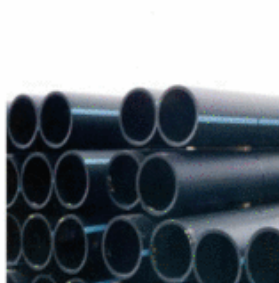
Fully integrated polyolefin catalyst solution provider to the polymer industry



Molecular Sieves



Polyolefin Catalysts and Components



Antiblocking Additives

Business Strengths:

- Proven history of manufacturing excellence—quality, consistency and security of supply
- Unique position as fully integrated catalyst solutions provider
- Extensive product development and scale-up capabilities
- Long-established partnerships with industry leading polymer producers
- Broad product and technology portfolio for polyolefin industry

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Key Drivers:

- \$1 billion catalyst industry growing at 5% CAGR
- Per capita resin consumption will continue to increase in developing economies*
 - 14 lbs. per person versus 80 lbs. per person (average consumption of advanced economies)
- Producers in advanced economies will focus on specialty resins
- Middle East growth in new capacity

*Internal calculation based on data from Chemical Market Associates, Inc.

Strategic Growth Opportunities:

- Continually upgrade technology and service of our foundation polyethylene business
- Secure catalyst business as our partners continue to license new capacities
- Expand into new segments with polypropylene and single-site technologies
- Leverage partnerships with major industry leaders as they invest in Middle East

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Catalysts and adsorbents for economic conversion of renewable feedstocks to fuels and chemicals



EnSieve™ Molecular Sieve



Silica for Biodiesel Purification



Catalysts for Renewable Fuels and Chemicals

Business Strengths:

- Materials science core competency
- Catalyst development and scale up expertise
- Strong relationships with oil refiners and petrochemical producers
- Established links to food processors and refining industries

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Key Drivers:

Renewables segment growing at 25% CAGR to \$400 billion by 2015*

- Renewable fuels driven by government mandates from 1% biofuels today to 5% by 2015 (globally)
 - Carbon neutrality
 - Energy security
 - Economic development
- Renewable chemicals driven by industry shift toward renewable feedstocks from 5% renewable chemicals today to 10% by 2015 (globally)
 - Stable pricing
 - "Green" value
 - Security of supply

*Source: Grace internal estimate

Strategic Growth Opportunities:

- Develop improved desiccants, adsorbents, and catalysts that enable the economic production of fuels and chemicals from biomass
 - Adsorbents that efficiently remove contaminants from biodiesel
 - Esterification catalysts that allow biodiesel producers to increase operating margins by enabling the conversion of low-cost feedstocks
 - Catalysts for the conversion of glycerin to valuable chemicals
- Partner with industry leaders by leveraging existing relationships

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Materials based chromatography tools for the life science, pharmaceutical and medical markets



Instrumentation



Chromatography Columns



Specialty Media, Processing Aids, Anesthesiology Products



Accessories and Lab Supplies

Business Strengths:

- Integrated six acquisitions for comprehensive portfolio of media, instrumentation and consumables
- Established global quality systems exceeding FDA and regulatory requirements
- Globally positioned, including in the "pharmerging" markets of India and China
- Innovative REVELERIS™ purification system for high growth drug discovery segment

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Key Drivers:

- \$182 billion of blockbuster drugs coming off patents 2011-2014
- \$123 billion R&D spend at 3% growth to \$144 billion next 5 years
- Biotech evolution set to overtake conventional technology within top 100 drugs by 2014
- Pharmerging regions of India, China growing at 33% due to generic drug expansion and population growth
- Global stimulus packages targeted to scientific and R&D investment

Strategic Growth Opportunities:

- New analytical tools, process media and consumables required to enhance drug discovery and development
- Increasing number and types of analysis and products required for top pharma and biotech
- Growing need for antibodies purification in production including new media and analytical scale products
- Continued investment in infrastructure and technical support to capture high projected growth in India and China
- Align product portfolio to targeted funding in disease control, biotech and associated areas

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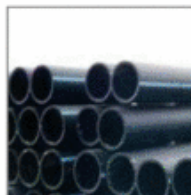
Specialty Technologies

Polyolefin Catalysts

- Produce high performance pipe
- Produce tough packaging films
- Maximize customers' operating conditions
- Enable customers to increase plant throughput

Polymer Additives

- Primarily aid in the processing of films and reduce blocking



Applying material science expertise to move into new segments

- Enable product extensions
- Target high growth areas
- Broaden customer partnerships

Renewables

- Reduce water usage in the manufacture of biodiesel
- Allow valuable chemicals to be made from biomass
- Improve yield of bioethanol
- Enable production of biofuels from low cost feedstocks



Discovery Sciences

- REVELERIS™ patent-pending purification system for drug discovery
- Separations solutions for today's laboratory challenges
- Novel process media for scale-up of biotech products
- Patented CO₂ adsorbent for anesthesiology and mine safety

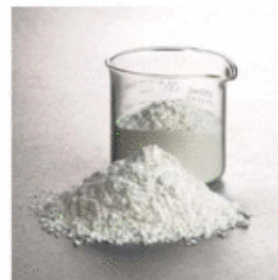
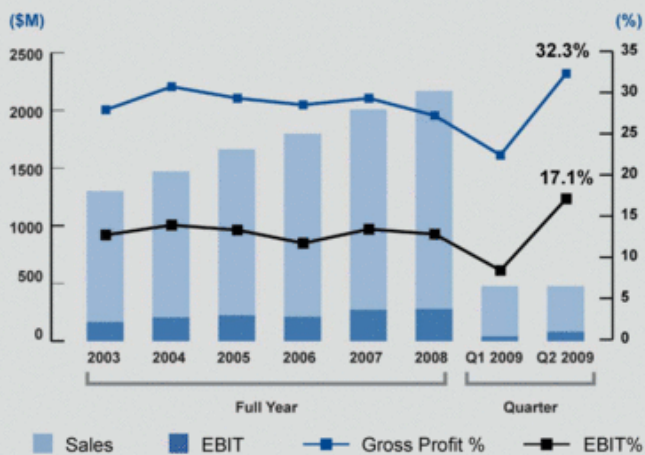


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Grace Davison Profitability

Grace Davison

Sales and Profitability



Drivers:

- Investment focus on high growth opportunities
- Margin enhancement through new products and technology
- Manufacturing and operational excellence
- Leverage growth in emerging regions
- Continued productivity improvement programs

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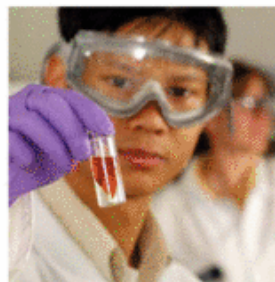
Global leader of specialty chemicals, materials and formulation technologies

Delivering on profitable growth

- New products and technologies through materials science innovation
- Targeting high growth opportunities
- Geographic expansion into key emerging regions
- Improved operating leverage

Strong industry profile

- Well positioned in industry segments
- Committed customer base



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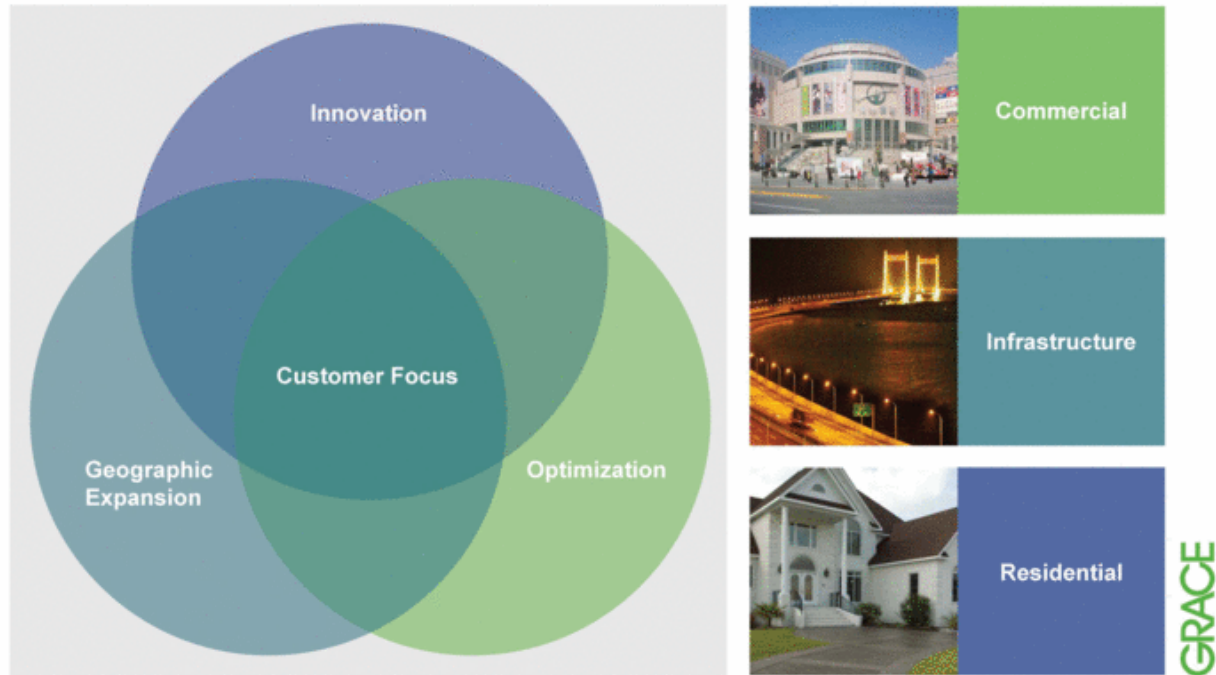
Construction Products

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Grace Construction Products

Leading provider of specialty construction materials, systems and services that strengthen, enhance and protect structures



Grace Construction Products

- Our focus is on our customers: giving them a competitive edge so they are more successful

Materials Management

Specialty chemicals and systems that lower the costs of producing construction materials and improve their in-place performance

Barrier Solutions

Products that provide protective barriers to buildings and infrastructure



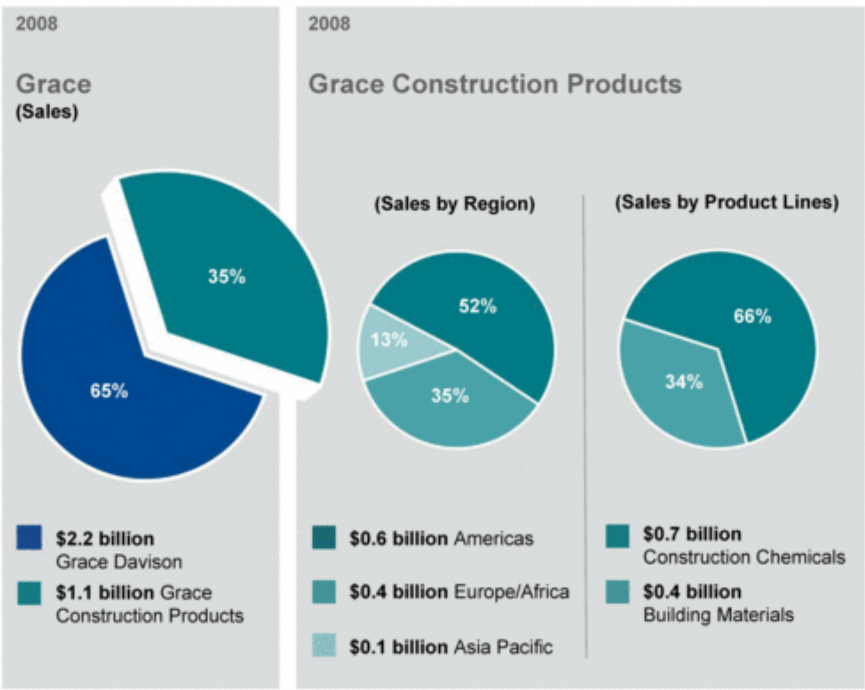
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Grace
Construction
Products

- Leading provider of specialty construction materials, systems and services that strengthen, enhance and protect structures

Products include:

- Concrete admixtures
- Structural fibers
- Cement, concrete, and masonry processing additives
- Products for architectural concrete
- Air and vapor barriers
- Roofing underlayments
- Waterproofing systems
- Fire protection products



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Strengths

Market Position

- Leader in multiple high value product segments and geographies worldwide
- Established presence in local markets provides for strong customer relationships
- Focus on emerging economies with higher growth potential

Business Model

- Scalable, capital-light business model
- Balanced exposure across several construction segments, including commercial, infrastructure and residential
- Products enhance sustainability and lessen environmental impact of customer projects



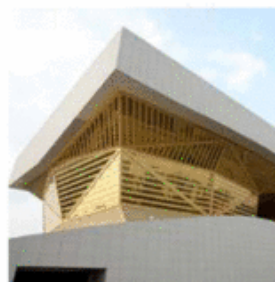
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Construction Products

Grace Construction Products

Sales Growth



Industry Segments

Building and Infrastructure

Industry Segment Size

\$6.5 trillion

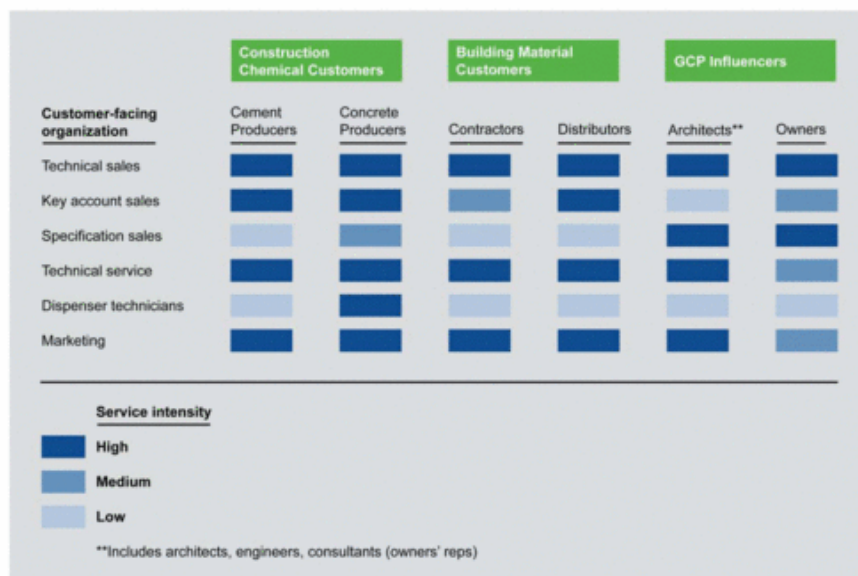
Product group:

- Construction chemicals include a full line of specialty additives used by producers of cement and concrete products
- Building products include specialized products for waterproofing commercial and residential structures, plus air and vapor barriers and fire protection products

Opportunities:

- Develop new market niches to address customer needs
- Increase presence in repair and renovation markets
- Localize appropriate business models for emerging markets and drive applicable technology transfer
- Leverage R&D and geographic footprint to drive differentiated technology solutions

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Our long term intimate customer relationships are based on deep industry, application and problem solving expertise

A wide range of customers and influencers:

- Demand creation requires multiple touch points in the value chain
- The complexity of the construction industry requires highly trained field representatives to meet performance requirements under demanding circumstances
- Broad customer base; products supplied to more than 25,000 global locations

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Competitors

Grace Construction Products

Top Competitors	Specialty Construction Chemicals	Specialty Building Materials
BASF	•	•
Cafco (Isolatek)		•
Carlisle		•
CETCO (AMCOL International)		•
Chryso (Materis / Wendel)	•	
DuPont		•
Fosroc	•	•
Henry		•
Mapei	•	•
RPM	•	•
Sika	•	•
Wulong	•	

Industry expertise and specialization enables us to build and maintain competitive barriers

Our successes driven by:

- Customer loyalty supported by a focus on applications in commercial, infrastructure and residential segments
- A deep understanding of our customers' businesses and challenges, enabling Grace to offer solutions tailored to complex requirements that vary in local markets

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History



- Dewey & Almy (acquired by Grace in 1954) pioneered the use of additives as processing aids in cement production
- Grace was a leader in developing chemical admixtures to enhance the strength and durability of concrete
- Grace developed waterproofing systems for protection of commercial structures and extended their use into residential applications

Innovation



Grace R&D teams continually evaluate building materials and practices around the world and have solved some of the industry's most difficult challenges

Today



High performance cement additives, concrete admixtures, innovative waterproofing and air barrier systems and fire protection products give flexibility to architects, engineers and contractors via productivity, aesthetics and performance.

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Specialty Building Materials

Barriers that provide protective systems

- Wall, air and vapor barriers
- Foundation waterproofing
- Roofing waterproofing
- Fire protection materials
- Products that improve contractor productivity



Products that contribute to sustainability

- Less environmental impact
- Efficient land use
- Green building practices
- Flexible design options



Specialty Construction Chemicals

Additives for materials management

- Improve quality of concrete raw materials
- Allow optimization of materials to ensure mixes are fit-for-purpose
- Lower customers' production costs
- Strengthen concrete – improve durability
- Reduce building and infrastructure maintenance



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Concrete Admixtures

Superplasticizers, self-consolidating concrete, set accelerators, shrinkage reducers, structural fibers, water reducers

Decorative Concrete

Color pigments and surface retarders

Foundation

Waterproofing

Pre-applied blindside sheet waterproofing, post-applied sheet and spray-applied membranes

Cementitious

Fireproofing

Wall and Window Flashing Membranes

Spray-Applied Wall Membranes and Vapor Barriers



To view our commercial applications animation, click here > <http://www.grace.com/Media/MediaKit/ProductVideo/Building.aspx>

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Products that strengthen, protect and enhance structures

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Concrete Admixtures

Corrosion inhibitors, superplasticizers, self-consolidating concrete, set accelerators, shrinkage reducers, structural fibers, water reducers

Bridge Deck Waterproofing Systems



To view our infrastructure applications animation, click here > <http://www.grace.com/Media/MediaKit/ProductVideo/Bridge.aspx>

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Products that strengthen, protect and enhance structures

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Concrete Admixtures

Self-consolidating concrete, set accelerators, shrinkage reducers, structural fibers, water reducers

Decorative Concrete

Color pigments and surface retarders

Foundation

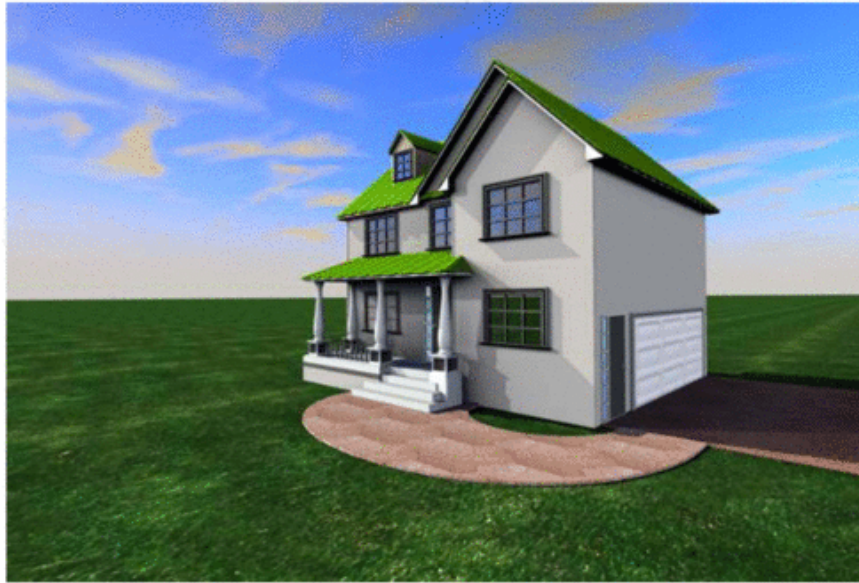
Waterproofing

Spray-applied and sheet-applied

Window and Door Flashings

Roofing Membranes

Roof detail membranes, roofing underlayments



To view our residential applications animation,
click here > <http://www.grace.com/Media/MediaKit/ProductVideo/House.aspx>

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Products that strengthen, protect and enhance structures

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- Global demographics and development in emerging economies
- Macro trends such as energy conservation and sustainability / Green Building
- Increasing sophistication of building and construction practices
- Credit market recovery, with improved financing for the construction industry
- Recovery in commercial, infrastructure and residential construction segments; future construction industry growth of 5% (CAGR) from 2008-2013



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2003-2008 Construction Spending Growth

Grace Construction Products

	Asia	Eastern Europe	Latin America	India	Australia and New Zealand	Gulf ^(a)
2003-2008 Market Growth CAGR %	10%	21%	17%	20%	12%	17%
2008 Construction Spending (billion)	\$2181	\$374	\$365	\$245	\$170	\$151



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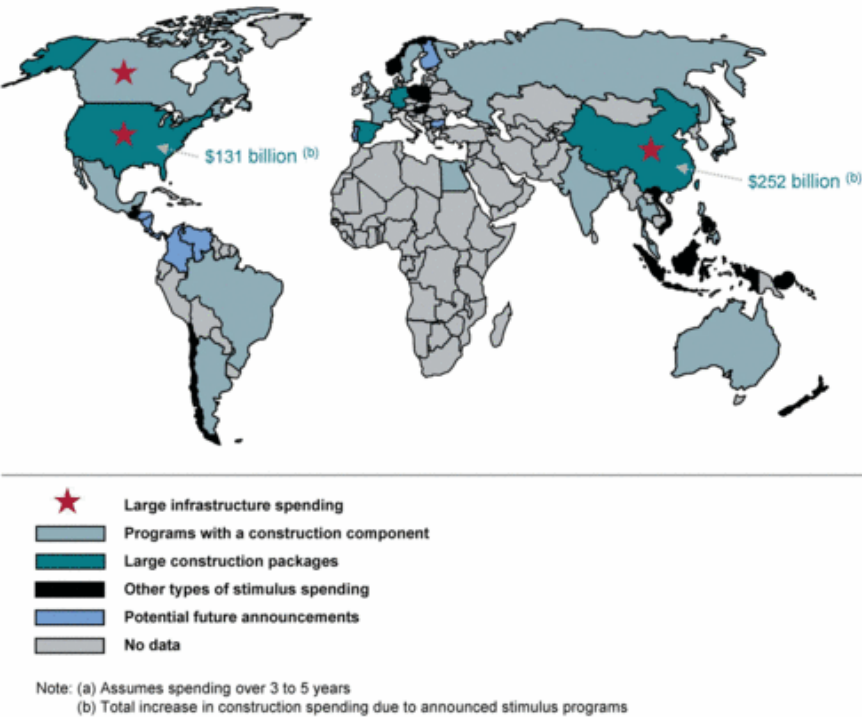
(a) Gulf Cooperation Council includes Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, UAE

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Global Stimulus Programs

Announced government programs: boost to global construction spending 1% to 2% per year (a)



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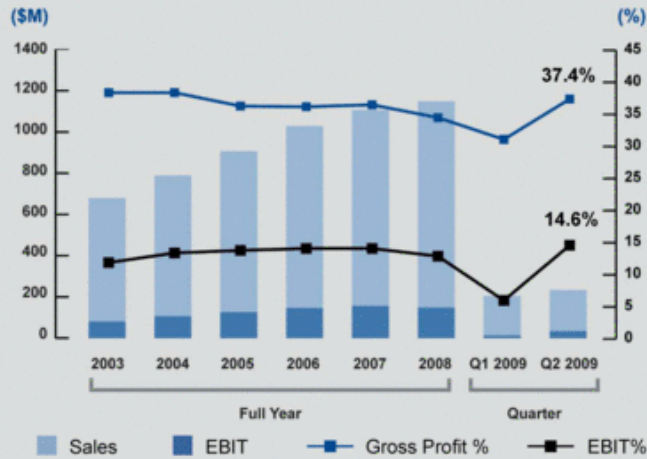


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Grace Construction Products Profitability

Grace Construction Products

Sales and Profitability



Drivers:

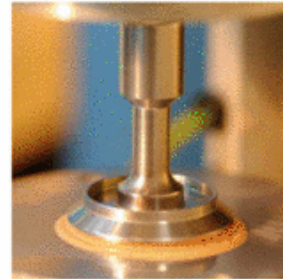
- Value creation for our customers
- New product introductions resulting from innovation investments
- Productivity improvements due to core operational optimization
- Input cost control through supply chain management and sustaining engineering
- Redeployment of resources enabled by scalable, capital-light model
- Leverage of existing business model as global economy recovers

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Grace Construction Products

Global leader in providing materials management solutions and protective barriers

- Revenue growth above the industry rate
 - New products and technologies
 - Geographic expansion
- Long term value built on customer relationships
 - Providing a competitive edge so our customers are more successful
 - Preferred-supplier status built on deep product application knowledge
- Core optimization
 - Drive productivity
 - Leverage capital-light business model for scalability



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Contact Us

7500 Grace Drive
Columbia, Maryland 21044 USA

Investor Relations +1 410.531.4167
investor.relations@grace.com

www.grace.com



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Enriching Lives, Everywhere.™

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Non-GAAP Financial Terms

Core EBIT (Earnings Before Interest and Taxes) or pre-tax income from core operations, is net income adjusted for income taxes, Chapter 11 expenses, interest income and expense, and pre-tax loss from noncore activities. We use core EBIT as a performance measure in all significant business decisions and as a performance factor in determining certain incentive compensation.

Core EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is Core EBIT (as above) plus depreciation and amortization expenses.

Return on Invested Capital is pre-tax income from core operations divided by the sum of net working capital, properties and equipment and other assets and liabilities. We use return on invested capital as a performance measure in evaluating operating results, in making operating and investment decisions and in balancing the growth and profitability of our operations.

Operating Free Cash Flow is pre-tax income from core operations before depreciation and amortization plus pension expense plus or minus the change in net working capital and specified other assets and liabilities of our core operations minus capital expenditures. We use operating free cash flow as a performance measure in evaluating our operating results. Operating free cash flow is a performance factor in determining certain incentive compensation.

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Appendix

Core EBIT, core EBITDA, operating free cash flow, and return on invested capital do not purport to represent income or cash flow measures as defined under U.S. generally accepted accounting principles, and you should not consider them an alternative to such measures as an indicator of our performance. We provide these measures so you can distinguish the operating results of our current business base from the income and expenses of our past businesses, discontinued products, and corporate legacies, and the effect of our Chapter 11 proceedings, and to ensure that you understand the key data that management uses to evaluate our results of operations.

These measures have material limitations as performance measures because they exclude income, expenses, assets and liabilities that comprise our noncore activities, which include, among other things, provisions for asbestos-related litigations and environmental remediation, income from insurance settlements, and legal costs, which have been material. We compensate for the limitations of these measurements by using these indicators together with net income and net cash provided by operating activities as measured under U.S. generally accepted accounting principles to present a complete analysis of our operating performance. You should evaluate these measures in conjunction with our Consolidated Financial Statements as presented in our annual reports on Form 10-K for a more complete analysis of our financial results.

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Appendix

Reconciliation of Non-GAAP Financial Measures

	2003	2004	2005	2006	2007	2008	Q1 2009	Q2 2009	2009 Projected
Net Income (GAAP)	(53.0)	(395.7)	76.0	8.6	88.8	121.5	(38.9)	19.3	48
(Benefit from) provision for income taxes	(11.1)	2.0	26.0	2.8	(1.1)	4.3	(23.4)	16.8	33
Chapter 11 expenses, net of interest income	14.8	18.0	30.9	49.9	86.4	65.6	10.0	8.0	45
Interest income	(4.3)	(3.1)	(3.6)	(6.8)	(7.6)	(3.8)	(0.2)	(0.6)	(2)
Interest expense	15.6	111.1	55.3	73.2	72.1	54.2	9.2	9.6	38
Pre-tax income (loss) from noncore activities	190.1	457.1	30.3	97.7	58.6	57.7	39.9	21.3	79
Core EBIT (Non-GAAP)	152.1	189.4	214.9	225.4	297.2	299.7	(3.4)	74.4	241
Depreciation and Amortization	109.1	115.3	120.9	113.5	113.4	118.7	27.5	28.8	116
Core EBITDA (Non-GAAP)	261.2	304.7	335.8	338.9	410.6	418.4	24.1	103.2	357
Core EBIT (Non-GAAP) - By Operating Segment									
Grace Davison	165.7	205.3	222.0	210.3	269.7	278.1	40.0	81.8	
Grace Construction Products	80.7	105.7	125.5	145.3	155.9	148.3	12.3	34.0	
Core Corporate Costs	(94.3)	(121.6)	(132.6)	(130.2)	(128.4)	(126.7)	(55.7)	(41.4)	
Core EBIT (Non-GAAP)	152.1	189.4	214.9	225.4	297.2	299.7	(3.4)	74.4	
Balance Sheet									
	2003	2004	2005	2006	2007	2008			
Core EBIT (as above)	\$ 152.1	\$ 189.4	\$ 214.9	\$ 225.4	\$ 297.2	\$ 299.7			
Trade accounts receivable	331.5	390.9	401.7	426.3	500.6	462.6			
Inventories	252.7	295.3	341.2	324.5	362.9	354.8			
Accounts payable	(101.8)	(146.0)	(166.8)	(172.7)	(191.3)	(230.4)			
Net working capital	482.4	540.2	576.1	578.1	672.2	587.0			
Other current assets	43.8	62.6	84.8	81.4	80.8	86.1			
Other current liabilities	(130.3)	(206.1)	(221.2)	(272.6)	(325.1)	(291.5)			
Properties and equipment, net	688.8	683.6	632.9	664.5	706.1	710.6			
Goodwill and other intangible assets	85.2	111.7	103.9	116.5	122.3	117.1			
Other assets	140.4	170.5	150.1	131.5	136.6	145.1			
Total invested capital	\$ 1,310.3	\$ 1,382.5	\$ 1,326.6	\$ 1,299.4	\$ 1,392.9	\$ 1,354.4			
Return on Invested Capital (Non-GAAP)	11.6%	13.9%	16.2%	17.3%	21.3%	22.1%			

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Appendix

Reconciliation of Non-GAAP Financial Measures

	2003	2004	2005	2006	2007	2008	Q1 2009	Q2 2009
Net cash provided by operating activities (GAAP)	110.8	325.4	67.3	152.7	88.2	1.6	54.7	63.9
Cash paid to resolve contingencies subject to Chapter 11	-	-	119.7	-	10.3	252.0	-	-
Chapter 11 expenses paid	17.5	15.8	31.1	50.3	92.1	69.3	12.8	12.3
Capital expenditures	(102.6)	(77.1)	(93.3)	(120.0)	(139.1)	(129.3)	(16.6)	(19.9)
Income taxes paid, net of refunds	27.2	37.7	45.7	51.6	51.1	42.4	0.3	(0.7)
Payments under defined benefit pension arrangements	60.5	33.3	47.7	121.5	105.7	67.7	11.7	12.4
Payments under postretirement benefit plans	12.6	12.5	11.9	13.9	5.0	6.6	1.3	2.2
Cash paid for environmental and divestment reserves	12.5	10.8	7.7	14.5	10.5	6.0	2.3	1.4
Noncore activities	9.8	(51.7)	(7.2)	56.3	34.5	31.9	35.4	24.2
Other, net	(2.2)	28.9	(1.9)	(22.2)	6.5	50.7	(24.1)	(26.6)
Operating free cash flow (Non-GAAP)	146.1	335.6	228.7	318.6	264.8	398.9	77.8	69.2

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