

GRACE

Background on W.R. Grace Bankruptcy

November 2012

Executive Summary

Summary Background on W.R. Grace Bankruptcy

- Filed for Chapter 11 on April 2, 2001 largely as a result of asbestos tort litigation
- Still in bankruptcy today. Early part of bankruptcy case consumed with litigation with Sealed Air Corporation
- Settlement reached with most asbestos personal injury (“PI”) creditor constituencies on April 6, 2008
- Settlement reached with most asbestos property damage (“PD”) claimants on November 21, 2008
- Plan confirmed by Bankruptcy Court on January 31, 2011
- Plan confirmed by District Court on January 31, 2012
- Plan is currently on appeal to the Third Circuit by several parties

Summary Contemplated W.R. Grace Plan Distributions

▪ Unsecured Creditors receive:

- Cash for claim plus post-petition interest
- Credit Facilities Lenders receive 6.09% from petition date through 12/31/05 and floating prime thereafter (all compounding quarterly) through effective date
- Environmental Claimants receive 4.19% from date allowed through effective date compounding annually
- Other Unsecured Creditors: If arising from contract with specified rate (non-default), the creditors will receive that specified rate. If there is no specified rate, the post-petition interest will be set at 4.19%. Both will compound annually

Summary Contemplated W.R. Grace Plan Distributions

■ PI Asbestos Trust receives:

- \$250 million cash plus interest from 1/1/09
- Sealed Air Stock: 18 million shares
- Sealed Air Cash: \$512.5 million plus interest (5.5% compounded annually from 12/21/02)
- Fresenius Cash: \$115 million
- Rights to Asbestos Insurance Proceeds
- Deferred Payments: 5 payments of \$110 million each annually starting in 2019 and 10 payments of \$100 million each annually, starting in 2024
- Warrants: 10 million struck at \$17 per share

■ PD Asbestos Trust receives:

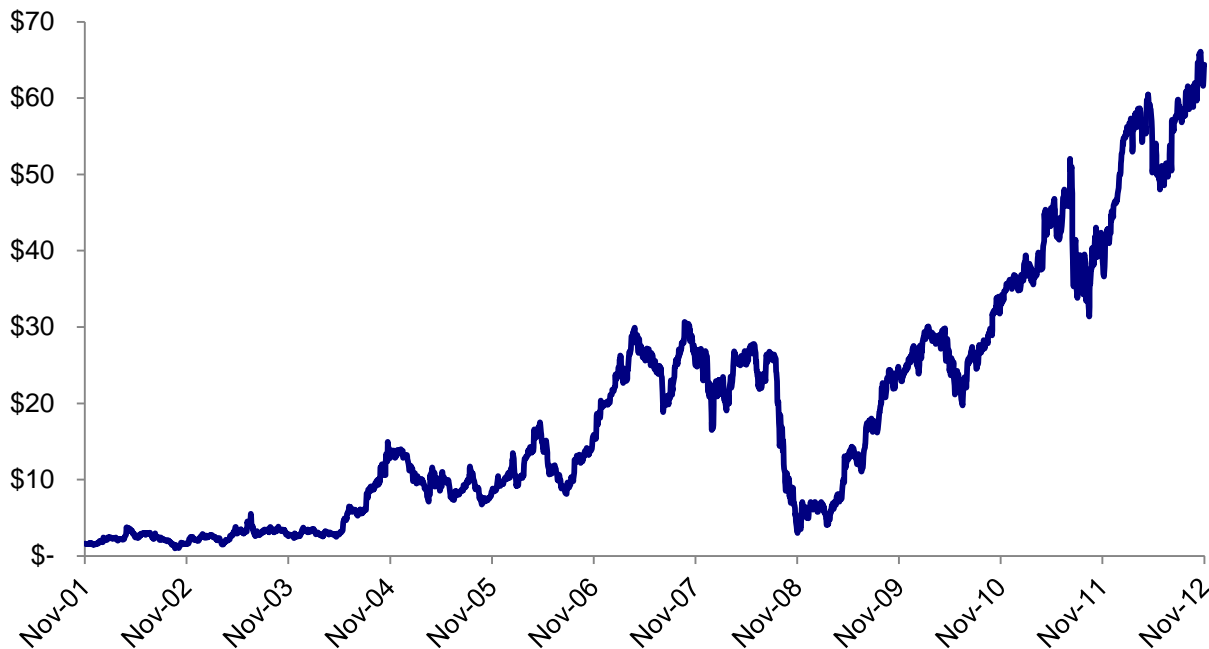
- \$30 million cash plus interest from 4/1/09 to the effective date
- \$30 million deferred payment made three years after effective date
- Up to 10 contingent payments of \$8 million each over the ensuing 20 years if certain conditions are met (including assets available to pay US ZAI PD Claims falls below \$10 million)
- Canadian ZAI PD Claims Fund: \$6.5 million (Canadian) on the Effective Date

Executive Summary

W.R. Grace Plan Current Status

- Plan confirmation currently being appealed by numerous parties
 - Many constituencies not expecting ruling until later in 2013 or early 2014
 - Depending upon the ruling, a successful appeal could spark a multi-year process to confirm a new plan
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W.R. Grace Stock Price Performance



Source: Capital IQ
Note: As of November 20, 2012