

W R GRACE & CO  
Form DEF 14A  
March 28, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

W. R. Grace & Co.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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- o Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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W. R. Grace & Co.  
7500 Grace Drive  
Columbia, Maryland 21044

Notice of 2017 Annual Meeting &  
Proxy Statement

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Date of Notice: March 28, 2017

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Fred Festa  
Chairman and Chief Executive Officer

T +1 410.531.4000

W. R. Grace & Co.  
7500 Grace Drive  
Columbia, MD 21044

March 28, 2017

To Our Stockholders:

I am pleased to announce the Annual Meeting of Stockholders of W. R. Grace & Co. to be held on Tuesday, May 9, 2017 at 9:00 a.m. Eastern Time at the Ten Oaks Ballroom and Conference Center, 5000 Signal Bell Lane, Clarksville, Maryland 21029.

We are taking advantage of the Securities and Exchange Commission rule that allows us to furnish proxy materials to you over the Internet. This e-proxy process expedites your receipt of proxy materials, lowers our costs and reduces the environmental impact of our Annual Meeting. Today, we sent to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2017 Proxy Statement and 2016 Annual Report to Stockholders and how to vote via the Internet. Other stockholders will receive a copy of the proxy statement and annual report by mail or e-mail. The matters to be acted upon at the Annual Meeting are described in the Notice of Annual Meeting and 2017 Proxy Statement.

We are pleased to offer multiple methods for voting your shares. As detailed in the "Questions and Answers" section of this Proxy Statement, you can authorize a proxy to vote your shares via the Internet, by telephone or by mail, or vote by written ballot at the Annual Meeting. We encourage you to use the Internet to vote your shares as it is the most cost-effective method.

To ensure that you have a say in the governance of Grace, it is important that you vote your shares. Please review the proxy materials and follow the instructions to vote your shares. I look forward to receiving your input.

Sincerely,

Fred E. Festa  
Chairman and Chief Executive Officer

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To the Holders of Common Stock of  
W. R. Grace & Co.

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

to be held on

May 9, 2017

The 2017 Annual Meeting of Stockholders of W. R. Grace & Co., a Delaware corporation (the "Annual Meeting"), will be held on Tuesday, May 9, 2017 at 9:00 a.m. Eastern Time at the Ten Oaks Ballroom and Conference Center, 5000 Signal Bell Lane, Clarksville, Maryland 21029. At the Annual Meeting, stockholders will vote on the following matters:

1. The election of three directors for a term expiring in 2020;
2. The ratification of the appointment of PricewaterhouseCoopers LLP as Grace's independent registered public accounting firm for 2017;
3. An advisory vote to approve the compensation of Grace's named executive officers as described in the Proxy Statement; and
4. Any other business properly brought before the Annual Meeting and any postponement or adjournment thereof.

The Board of Directors has fixed the close of business on March 13, 2017 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. This notice and the accompanying proxy materials are sent to you by order of the Board of Directors.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we encourage you to authorize a proxy to vote as promptly as possible by Internet, by phone or by mail.

By Order of the Board of Directors  
Mark A. Shelnitz  
Vice President, General Counsel & Secretary

March 28, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 9, 2017

This Notice and the Proxy Statement and Annual Report on Form 10-K are available at [proxymaterials.grace.com](http://proxymaterials.grace.com).

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TABLE OF CONTENTS

Notice of Annual Meeting	<u>3</u>
Summary of Voting Matters and Board Recommendations	<u>6</u>
Questions and Answers about the Annual Meeting and the Voting Process	<u>7</u>
Proposal One — Election of Directors	<u>17</u>
Other Information	<u>31</u>
Proposal Two — Ratification of Appointment of Independent Registered Public Accounting Firm	<u>36</u>
Proposal Three — Advisory Vote to Approve the Compensation of Grace's Named Executive Officers	<u>39</u>
Executive Compensation	<u>40</u>
Compensation Discussion and Analysis	<u>40</u>
Compensation Committee Report	<u>64</u>
Compensation Committee Interlocks and Insider Participation	<u>65</u>
Compensation Tables	<u>66</u>
General Information	<u>78</u>
Important Information Concerning GAAP and Non-GAAP Financial Measures and Forward-Looking Statements	<u>Annex A</u>

Notes Regarding References used in this Proxy Statement

Unless the context otherwise indicates, in this document the terms "Grace," "we," "us," "our" or the "Company" mean W. R. Grace & Co. and/or its consolidated subsidiaries. Unless otherwise indicated, the contents of websites mentioned in this Proxy Statement are not incorporated by reference or otherwise made a part of this Proxy Statement.

Cross-reference for non-GAAP information: In this Proxy Statement, Grace presents certain financial information in accordance with U.S. Generally Accepted Accounting Principles, or "GAAP," as well as financial information that is not in accordance with GAAP, referred to herein as "non-GAAP" financial measures. See Annex A to this Proxy Statement for important information concerning such non-GAAP financial measures, which includes cross-references to Grace's 2016 Annual Report on Form 10-K. The Annual Report on Form 10-K includes financial statements and information presented in accordance with GAAP, as well as certain non-GAAP information. Non-GAAP performance measures include: Adjusted EBIT; Adjusted Free Cash Flow; Adjusted Net Sales; and Adjusted Earnings Per Share (referred to as "Adjusted EPS"). These non-GAAP financial measures do not purport to represent income or liquidity measures as defined under GAAP, and should not be considered as alternatives to such measures as an indicator of our performance.

Grace®, the Grace® logo and, except as may otherwise be indicated, the other trademarks, service marks or trade names used in this Proxy Statement are trademarks, service marks or trade names of operating units of W. R. Grace & Co. or its subsidiaries.

PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON  
MAY 9, 2017

The Board of Directors of W. R. Grace & Co. is soliciting proxies for our 2017 Annual Meeting of Stockholders (the "Annual Meeting"). We are providing these proxy materials to you because our records indicate that you owned shares of Grace common stock as of the close of business on March 13, 2017, the record date for our 2017 Annual Meeting of Stockholders to be held on Tuesday, May 9, 2017 at 9:00 a.m. Eastern Time at the Ten Oaks Ballroom and Conference Center, 5000 Signal Bell Lane, Clarksville, Maryland 21029. Such ownership entitles you to vote at the Annual Meeting. By use of a proxy you can vote, whether or not you attend the Annual Meeting. This Proxy Statement describes the matters we would like you to vote on and provides information on those matters so you can make an informed decision. This Proxy Statement and proxy were first made available on the Internet or mailed to stockholders on or about March 28, 2017.

SUMMARY OF VOTING MATTERS AND BOARD RECOMMENDATIONS

The following proposals will be voted on at the 2017 Annual Meeting of Stockholders:

Proposal 1: Election of Directors

1:

Page 17

FOR Each Nominee

of  
Directors  
Nominees—Class

III  
(Term  
expiring  
2020)

H.  
Furlong  
Baldwin  
Alfred

E.  
Festa  
Christopher  
J.

Steffen  
Proposal

2: Ratification

of  
appointment  
of  
independent

FOR

registered  
public  
accounting  
firm

Proposal

3: Advisory

vote  
to  
approve

Page 39

FOR

of  
Grace's  
named  
executive  
officers

If you are a stockholder of record, you may cast your vote in any of the following ways:

-



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by authorizing a proxy by Internet at [www.proxypush.com/gra](http://www.proxypush.com/gra) (we encourage you to vote this way as it is the most cost-effective method and reduces the environmental impact of our Annual Meeting);

by authorizing a proxy by toll-free telephone at 1-866-883-3382 in the USA, U.S. territories and Canada on a touch tone telephone;

by authorizing a proxy by completing and returning your proxy card so that it is received by our transfer agent before the close of business on May 8, 2017; or

by written ballot in person at the Annual Meeting.

If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, you may cast your vote by complying with the instructions of your nominee or intermediary set forth on the voting instruction card.

QUESTIONS AND ANSWERS  
ABOUT THE ANNUAL MEETING AND THE VOTING PROCESS

Quick Reference Guide

- |   |  |
|---|--|
| 1. Why am I receiving these materials?      | 18. Proxy cards & voting instruction cards |
| 2. Notice of Internet availability          | 19. Multiple sets of proxy materials       |
| 3. What is included in the proxy materials? | 20. Who can attend the meeting?            |
| 4. Internet access to meeting materials     | 21. What do I need to attend the meeting?  |
| 5. What am I voting on?                     | 22. Will there be a presentation?          |
| 6. Board voting recommendations             | 23. Can I bring a guest to the meeting?    |
| 7. Will any other matters be voted on?      | 24. Votes necessary to hold the meeting    |
| 8. Who can vote? Number of votes per share  | 25. How proxies are solicited; costs       |
| 9. How do I vote?                           | 26. Nominations of directors               |
| 10. Can I change my vote?                   | 27. Stockholder proposals - Rule 14a-8     |
| 11. What is the deadline for voting shares? | 28. Requirements for 2018 proposals        |
| 12. Is my voting privacy protected?         | 29. Grace corporate governance materials   |
| 13. Who will count the votes?               | 30. Obtaining governance materials         |
| 14. Record and beneficial owners            | 31. Business ethics and conflicts policies |
| 15. Why is it important for me to vote?     | 32. How do I obtain more information?      |
| 16. What is the effect of not voting?       | 33. Multiple stockholders in household     |
| 17. Vote required to approve each proposal  |  |

Question 1: Why am I receiving these materials?

We are providing these proxy materials to you because our records indicate that you owned shares of Grace common stock as of March 13, 2017, the record date for our 2017 Annual Meeting of Stockholders to be held on Tuesday, May 9, 2017 at 9:00 a.m. Eastern Time at the Ten Oaks Ballroom and Conference Center, 5000 Signal Bell Lane, Clarksville, Maryland 21029. These materials were first made available on the Internet or mailed to stockholders on or about March 28, 2017. Stockholders are welcome to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement. This Proxy Statement will provide you with the information necessary to make an informed voting decision on the proposals to be presented at the Annual Meeting.

Question 2: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules and regulations adopted by the Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials to each stockholder of record, we may furnish proxy materials, including this Proxy Statement and our 2016 Annual Report to Stockholders, by providing access to such documents via the Internet. This e-proxy process expedites stockholders' receipt of proxy materials, lowers our costs and reduces the environmental impact of our Annual Meeting.

Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, we have mailed a Notice of Internet Availability of Proxy Materials that will tell you how to access and review all of the proxy materials on the Internet. The notice also tells you how to vote on the Internet. If you would like to receive a paper or e-mail copy of our proxy materials, you should follow the instructions for requesting such materials in the notice.

Question 3: What is included in a full set of proxy materials?

The proxy materials include:

• Proxy Statement for the Annual Meeting (including the Notice of Annual Meeting of Stockholders);  
• 2016 Annual Report to Stockholders, which includes our audited consolidated financial statements; and

• If you are a stockholder of record, the proxy card; or

• If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, a voting instruction card.

Question 4: Can I access the Annual Meeting materials via the Internet?

The Grace Notice of 2017 Annual Meeting of Stockholders, Proxy Statement for the 2017 Annual Meeting of Stockholders and 2016 Annual Report are available at: [proxymaterials.grace.com](http://proxymaterials.grace.com) and at <http://investor.grace.com>.

Question 5: What am I voting on?

You are voting on THREE proposals:

Proposal One: Election of three directors for a term of three years, with the following as our Board's nominees:

H. Furlong Baldwin

Alfred E. Festa

Christopher J. Steffen

Proposal Two: The ratification of PricewaterhouseCoopers LLP as Grace's independent registered public accounting firm for fiscal year 2017; and

Proposal Three: An advisory vote to approve the compensation of Grace's named executive officers as described in this Proxy Statement.

Question 6: What are the voting recommendations of our Board?

Our Board of Directors is soliciting this proxy and recommends the following votes:

FOR each of the director nominees;

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017; and

FOR the advisory approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables and narrative contained in this Proxy Statement.

Question 7: Will any other matters be voted on?

We are not aware of any other matters on which you will be asked to vote at the Annual Meeting. If other matters are properly brought before the Annual Meeting, the proxy holders will use their discretion to vote on these matters as they may arise. Furthermore, if a nominee is unable to serve or for good cause will not serve as director, then the proxy holders will vote for a Board-nominated substitute.

Question 8: Who can vote? Number of votes per share

If you hold shares of Grace common stock as of the close of business on March 13, 2017, then you are entitled to one vote per share at the Annual Meeting. There is no cumulative voting.

Question 9: How do I vote?

If you are the record holder of shares of Grace common stock, you may vote by following the instructions below. Technically speaking, when you vote via the Internet, by telephone or by mail, you are authorizing a proxy to vote your shares at the Annual Meeting. We use the commonly recognized word "vote" in this Proxy Statement to cover this procedure. If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, you may cast your vote by complying with the instructions of your nominee or intermediary set forth on the voting instruction card.

Vote via the Internet

You may authorize a proxy to vote your shares via the Internet at [www.proxypush.com/gra](http://www.proxypush.com/gra) as instructed on the Notice of Internet Availability of Proxy Materials at or before 11:59 p.m., Eastern Time, on May 8, 2017. We provide voting instructions on the website for you to follow. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been recorded properly. If you authorize a proxy to vote your shares via the Internet, you do not need to return a proxy card. Please see the notice or proxy card for Internet voting instructions. We encourage you to vote this way as it is the most cost-effective method and it reduces the environmental impact of the Annual Meeting.

Vote by telephone

You may authorize a proxy to vote your shares by toll-free telephone by calling 1-866-883-3382 in the USA, U.S. territories and Canada on a touch tone telephone and following the instructions provided on the telephone line at or before 11:59 p.m., Eastern Time, on May 8, 2017. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to authorize a proxy to vote your shares and confirm that your instructions have been recorded properly. If you authorize a proxy to vote your shares by telephone, you do not need to return a proxy card. Please see the proxy card for telephone voting instructions.

Vote by mail

If you have received a paper proxy card and choose to vote your shares by mail, simply mark your proxy card or voting instruction card, sign and date it, and return it in the postage-paid envelope provided so that it is received by our transfer agent before the close of business on May 8, 2017.

Vote in-person

You may attend the Annual Meeting in person and complete a written ballot. If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, you must obtain a written proxy, executed in your favor, from the record holder to be able to vote in person at the Annual Meeting.

Question 10: Can I change my vote?

Yes.

You can change your vote or revoke your proxy by:

entering a new vote by Internet or telephone at or before 11:59 p.m., Eastern Time, on May 8, 2017;

returning a later-dated proxy card by mail that is received by our transfer agent before the close of business on May 8, 2017;

notifying our Corporate Secretary, Mark A. Shelnitz, by written revocation letter to the address listed on the front page of this Proxy Statement before the Annual Meeting; or

by attending the Annual Meeting and completing and submitting a written ballot.

If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, you can change your vote or revoke your proxy by complying with the instructions of your nominee or intermediary set forth on the voting instruction card.

Question 11: What is the deadline for voting my shares if I do not intend to vote in person at the Annual Meeting?

If you do not intend to vote in person at the Annual Meeting, your signed proxy card must be received by our transfer agent before the close of business on May 8, 2017. You may also authorize a proxy to vote your shares by Internet or by telephone at or before 11:59 p.m., Eastern Time, on May 8, 2017. If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, you must comply with the instructions of your nominee or intermediary set forth on the voting instruction card.

Question 12: Is my voting privacy protected?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within Grace or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the votes; and (3) to facilitate a successful proxy solicitation.

Question 13: Who will count the votes?

Our transfer agent, Wells Fargo Shareowner Services, referred to herein as Wells Fargo, has been appointed as inspectors of election. Its representative will attend the Annual Meeting and will count the votes.

Question 14: What is the difference between holding shares as a stockholder of record versus as a beneficial owner?

Many of our stockholders hold their shares as beneficial owner through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, rather than directly in their own name as stockholder of record. As summarized below, there are some differences between shares held directly as stockholder of record and those owned beneficially through a nominee or intermediary that serves as stockholder of record:

#### Stockholders of Record

If your shares are registered directly in your name with our transfer agent, Wells Fargo, you are considered the stockholder of record with respect to those shares, and the Notice of Annual Meeting and proxy materials are being sent directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to us, or to vote in person at the Annual Meeting. If you have requested printed proxy materials, we have enclosed a proxy card for you to use.

#### Beneficial Owners

If your shares are held in a stock brokerage account or by a bank, financial institution or other nominee or intermediary, you are considered the beneficial owner of shares held in "street name," and the Notice of Annual Meeting and these proxy materials are being forwarded to you by your nominee or intermediary who is considered the stockholder of record with respect to those shares. As the beneficial

owner, you have the right to direct your nominee or intermediary on how to vote and are also welcome to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you request, complete and deliver a legal proxy from your nominee or intermediary. If you requested printed proxy materials, your nominee or intermediary should have enclosed a voting instruction card for you to use in directing the nominee or intermediary regarding how to vote your shares. If a voting instruction card was not included in the printed proxy materials, please contact your nominee or intermediary to determine how to provide voting instructions.

Question 15: Why is it important for me to vote?

If you do not vote, your shares may not be represented at the Annual Meeting. This may result in matters not receiving the number of votes necessary for their approval.

Question 16: What is the effect of not voting?

Shares you own in "street name" through a broker, bank, financial institution or other nominee or intermediary and you do not vote:

In the absence of your voting instructions, your broker, bank, financial institution or other nominee or intermediary may or may not vote your shares at its discretion depending on the proposals before the Annual Meeting. We understand that your nominee or intermediary may vote your shares at its discretion on "routine matters" and that your nominee or intermediary may not vote your shares on proposals that are not "routine." When your broker submits a proxy for your shares but does not indicate a vote for a particular proposal because of the absence of voting instructions, a "broker non-vote" occurs. Broker non-voted shares count toward the quorum requirement, but are not counted as voted for or against a proposal, or as abstentions, nor are they counted to determine the number of votes present for a particular proposal.

We believe that Proposal Two (Ratification of PricewaterhouseCoopers LLP as our independent registered public accountants) is a routine matter on which nominees or intermediaries can vote on behalf of their clients if clients do not furnish voting instructions. Proposals One and Three are non-routine matters so your nominee or intermediary is not entitled to vote your shares on these proposals without your instructions.

Shares you own that are directly registered in your name and you return a proxy card without giving specific voting instructions:

If you are a stockholder of record and you sign and return a proxy card without giving specific voting instructions, your shares will count toward the quorum requirement and the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and the proxy holders may vote in their discretion for any other matters properly presented for a vote at the Annual Meeting.

Shares you own that are directly registered in your name and you do not return a proxy card and you do not vote: In this case, your unvoted shares will not be represented at the Annual Meeting and will not count toward the quorum requirement. If a quorum is obtained, your unvoted shares will not impact Proposal One or whether stockholders approve or reject Proposals Two or Three.

Question 17: What vote is required to approve each proposal, assuming a quorum is present at the Annual Meeting?

The required vote to approve each proposal will depend on the proposal.

Proposal One: In January 2015, we adopted a majority voting standard for the election of directors. Under this voting standard, once a quorum has been established with respect to an

election that is not contested, directors are elected by a majority of the votes cast. This means that the number of shares voted FOR a director nominee must exceed the number of shares voted AGAINST that director nominee. Abstentions and broker non-votes are not counted as a vote cast either FOR or AGAINST a director nominee. Under our Amended and Restated Certificate of Incorporation, our By-laws and the Delaware General Corporation Law, a director holds office until a successor is elected and qualified or until his or her earlier resignation or removal. If a director standing for re-election is not elected by the requisite majority of the votes cast in an uncontested election, that director must tender his or her resignation following certification of the stockholder vote. The Nominating and Governance Committee of our Board of Directors will make a recommendation to our Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. Our Board of Directors will consider and act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. Any director who offers his or her resignation will not participate in the Committee's or our Board of Directors' decision. In a contested election, where the number of nominees exceeds the number of directors to be elected as provided in our By-laws, directors will be elected by a plurality of the votes cast. The election of directors at the Annual Meeting is uncontested and, therefore, the majority voting standard will apply.

**Proposal Two:** The affirmative vote of a majority of the shares present, in person or by proxy, and entitled to vote is required to approve the ratification of the appointment of PricewaterhouseCoopers LLP as Grace's independent registered public accounting firm for fiscal year 2017. This means that abstentions will have the same effect as votes against the proposal. We do not expect broker non-votes (described above) on Proposal Two since we believe this is a "routine" matter.

**Proposal Three:** The affirmative vote of a majority of the shares present, in person or by proxy, and entitled to vote is required to approve the advisory vote on the compensation of our named executive officers. This means that abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of the vote. Because your vote is advisory, it will not be binding on our Board or Grace. However, our Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

**Question 18:** What shares are covered by my proxy card or voting instruction card?

The shares covered by your proxy card represent the shares of Grace common stock that are registered directly in your name with our transfer agent, Wells Fargo. If your shares are held in a brokerage account or by a bank, financial institution or other nominee or intermediary, you will not receive a proxy card; you are considered the beneficial owner of shares and your nominee or intermediary should have enclosed a voting instruction card for you to use in directing how to vote your shares.

**Question 19:** What does it mean if I get more than one set of proxy materials?

It means your shares are held in more than one account. You should vote the shares represented by the proxy materials using one of the four ways to vote. To provide better stockholder services, we encourage you to register all of your shares that are held directly in the same name and address. You may do this by contacting our transfer agent, Wells Fargo, toll-free at 1-800-648-8392 or 1-651-450-4064 (Outside the U.S.).

**Question 20:** Who can attend the Annual Meeting?

All stockholders of record and their duly appointed proxies and all beneficial owners of shares held through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, as of the close of business on March 13, 2017, may attend the Annual Meeting.

Question 21: What do I need to do to attend the Annual Meeting?

To attend the Annual Meeting, please follow these instructions:

If shares you own are registered in your name, bring your proof of ownership of Grace common stock;

If you hold shares through a broker, bank, financial institution or other nominee or intermediary that serves as stockholder of record, bring proof of your beneficial ownership of the shares through such nominee or intermediary as of the close of business on March 13, 2017, the record date for the Annual Meeting;

Bring a form of photo identification; and

Do not bring cameras, recording devices or other electronic devices as they will not be permitted at the Annual Meeting.

Question 22: Will there be a management presentation at the Annual Meeting?

No, there will be no management presentation; however, our Board of Directors and management will be available to respond to questions from stockholders in attendance at the Annual Meeting.

Question 23: Can I bring a guest to the Annual Meeting?

While bringing a single guest solely to accompany a person described in the answer to Question 20 above is not strictly prohibited, please be aware that seating is limited at the Annual Meeting and that stockholders of record, their duly appointed proxies and beneficial owners have priority.

Question 24: How many votes must be present to hold the Annual Meeting?

A majority of the shares entitled to vote generally in the election of directors outstanding on March 13, 2017, the record date, constitutes a quorum for voting at the Annual Meeting. If you vote, or authorize a proxy to vote, then your shares will be part of the quorum. Abstentions and broker non-votes (as described above) will be counted in determining the quorum. On the record date, 68,398,661 shares of Grace common stock were outstanding and entitled to vote at the Annual Meeting.

Question 25: How are proxies solicited and how are costs of solicitation managed?

We will primarily solicit proxies by mail and/or email, and we will cover the expense of such solicitation. MacKenzie Partners, Inc. will help us solicit proxies from brokers, banks, financial institutions and other nominees, intermediaries or stockholders at a cost to Grace estimated to be \$20,000 plus reimbursement of expenses. Our officers and employees may also solicit proxies for no additional compensation. We may reimburse nominees or intermediaries for reasonable expenses that they incur in sending these proxy materials to you if a nominee or intermediary holds your shares.

Question 26: How do I recommend someone to be considered for nomination by the Board of Directors as a director?

You may recommend any person as a candidate for nomination by our Board of Directors as a director by writing to Mark A. Shelnitz, our Vice President, General Counsel and Secretary. Your letter must include all of the information required by our By-laws for director nominations including, but not limited to, the candidate's name, biographical data, and qualifications, as well as the written consent of the person to serve as a director and appear in the proxy statement. The Nominating and Governance Committee reviews all submissions of recommendations from stockholders. The Nominating and Governance Committee will determine whether the candidate is qualified to serve on our Board of Directors by evaluating the candidate using the criteria contained under the caption "Director Qualifications" in Section 3 of the Grace Corporate Governance Principles and shall make a determination as to whether to nominate the candidate for election or to fill a vacancy on our Board that



arises during the year in which the recommendation is received. Copies of our Corporate Governance Principles are provided at our website at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx), or you may request a copy of these materials by contacting Grace Shareholder Services at the address or phone number provided in the Questions and Answers section of this Proxy Statement and these materials will be mailed to you at no cost.

**Question 27:** When are stockholder proposals to be included in the Grace proxy materials for the 2018 Annual Meeting of Stockholders pursuant to Rule 14a-8 due to Grace?

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, we must receive stockholder proposals in writing by November 28, 2017, to consider them for inclusion in our proxy materials for the 2018 Annual Meeting of Stockholders.

**Question 28:** What are the requirements for proposing business for the 2018 Annual Meeting of Stockholders, including stockholder nominations for director candidates, that is not submitted for inclusion in the Grace proxy materials?

A stockholder who intends to propose business, including stockholder nominations for director candidates, at the 2018 Annual Meeting, other than pursuant to Rule 14a-8 of the Exchange Act must comply with the requirements set forth in our current By-laws. Among other things, a stockholder must give us written notice of the intent to propose business for the 2018 Annual Meeting not earlier than the close of business on the 120th day prior to, and not later than the close of business on the 90th day prior to, the first anniversary of the preceding year's annual meeting of stockholders. Therefore, based upon the Annual Meeting date of May 9, 2017, Grace's Corporate Secretary must receive notice of a stockholder's intent to propose business for the 2018 Annual Meeting, no sooner than the close of business on January 9, 2018, and no later than the close of business on February 8, 2018. Notwithstanding the foregoing, if the date of the 2018 Annual Meeting is more than 30 days before or more than 60 days after the anniversary date of the 2017 Annual Meeting, then notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to the date of the 2018 Annual Meeting and not later than the close of business on the later of (i) the 90th day prior to the date of the 2018 Annual Meeting or (ii) if the first public announcement of the date of the 2018 Annual Meeting is less than 100 days prior to the date of the 2018 Annual Meeting, on the 10th day following the day on which we first make a public announcement of the date of the 2018 Annual Meeting.

If the notice is received after the close of business February 8, 2018, or any otherwise applicable deadline, then the notice will be considered untimely and we are not required to present the stockholder proposal at the 2018 Annual Meeting. A copy of our By-laws and the Grace Corporate Governance Principles are provided at our website at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx), or you may request a copy of these materials by contacting Grace Shareholder Services at the address or phone number provided below and these materials will be mailed to you at no cost.

**Question 29:** Where can I find Grace corporate governance materials?

We have provided our Corporate Governance Principles, Business Ethics and Conflicts of Interest policies, and the Charters for the Audit, Compensation, Nominating and Governance and Corporate Responsibility Committees of our Board of Directors on our website at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx). Our filings with the Securities and Exchange Commission (including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Section 16 insider trading transactions) are available at [www.sec.gov](http://www.sec.gov). Our Business Ethics and Conflicts of Interest policies are applicable to the members of our Board of Directors and to all of our employees, including, but not limited to, our principal executive officer, principal financial officer, principal accounting officer or controller, or any person performing similar functions. Any amendments to or waivers of our Business Ethics and Conflicts of Interest policies that our

Board of Directors approves will be disclosed on our website. We are not including the information contained on our website as part of or incorporating it by reference into this Proxy Statement.

Question 30: How can I obtain Grace corporate governance materials if I do not have access to the Internet?

You may receive a copy of our corporate governance materials free of charge by:

• contacting Grace Shareholder Services at 410-531-4167; or

• writing to:

W. R. Grace & Co.

Attention: Grace Shareholder Services

7500 Grace Drive

Columbia, Maryland 21044

Question 31: What is the process for reporting possible violations of the Grace Business Ethics and Conflicts of Interest policies?

Employees and other interested persons may anonymously report a possible violation of the Grace Business Ethics and Conflicts of Interest policies by calling The Network, a third party service, at 866-458-3947 in the U.S. and Canada, or by email to [reportline@tnwinc.com](mailto:reportline@tnwinc.com). Toll-free telephone numbers for other countries can be found at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx). Reports of possible violations of the Grace Business Ethics and Conflicts of Interest policies may also be made to Mark A. Shelnitz, our Chief Ethics Officer at W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044. Reports may be made anonymously, subject to certain restrictions outside the U.S.

Reports of possible violations of the Grace Business Ethics and Conflicts of Interest policies that the complainant wishes to go directly to our Board may be addressed to the Chairman of the Nominating and Governance Committee, Christopher J. Steffen. Mr. Steffen can be contacted with a letter to his attention at W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044.

Reports of possible violations of financial or accounting policies may be made to the Chairman of the Audit Committee, Mark E. Tomkins. Mr. Tomkins can be contacted with a letter to his attention at W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044.

Question 32: How do I obtain more information about W. R. Grace & Co.?

To obtain additional information about Grace, you may contact Grace Shareholder Services by:

• visiting our website at <http://investor.grace.com/investor-relations-contacts>;

• contacting Grace Shareholder Services at 410-531-4167; or

• writing to:

W. R. Grace & Co.

Attention: Grace Shareholder Services

7500 Grace Drive

Columbia, Maryland 21044

Question 33: If more than one stockholder lives in my household, how can I obtain an extra copy of this Proxy Statement?

Pursuant to the rules of the SEC, a company may deliver to multiple stockholders sharing the same address a single copy of its Proxy Statement and Annual Report or multiple copies of the Notice of Internet Availability of Proxy Materials in a single envelope unless the company has received prior

instructions to the contrary. This procedure is referred to as householding. Upon written or oral request, we will promptly mail a separate copy of our Proxy Statement and Annual Report or a separate copy of our Notice of Internet Availability of Proxy Materials in separate envelopes to any stockholder at a shared address to which a single copy of the Proxy Statement and Annual Report or Notices of Internet Availability of Proxy Materials were delivered in a single envelope. Conversely, upon written or oral request, we will cease delivering separate copies of the Proxy Statement and Annual Report, or a separate copy of our Notice of Internet Availability of Proxy Materials in separate envelopes to any stockholders at a shared address to which multiple copies of either document were delivered in the past. You may contact us with your request by calling or writing to Grace Shareholder Services at the address or phone number provided above. We will mail materials that you request at no cost to you. You can also access this Proxy Statement and the Annual Report online at [proxymaterials.grace.com](http://proxymaterials.grace.com). Stockholders who hold their shares in “street name,” that is, through a broker, bank, financial institution or other nominee or intermediary as holder of record, and who wish to change their householding instructions or obtain copies of these documents, should follow the instructions on their voting instruction card or contact the holders of record.

PROPOSAL ONE  
ELECTION OF DIRECTORS

Our Board of Directors has nominated three directors for election. H. Furlong Baldwin, Alfred E. Festa and Christopher J. Steffen are standing for election to our Board as Class III directors for a three-year term expiring in 2020.

If a nominee becomes unable to serve or for good cause will not serve as a director, the proxies will vote for a Board-designated substitute or our Board may reduce the number of directors. Grace has no reason to believe that any of the nominees for election will be unable to serve.

Our Board of Directors determined that each of the nominees qualifies for election as a member of our Board. In making this determination, our Board believes that its membership should be composed of directors who have the highest integrity, a diversity of experience, the education and ability to understand business problems and evaluate and propose solutions, the personality to work well with others, a dedication to the interests of our stockholders, a reasoned commitment to our social responsibilities, and the time to meet their responsibilities as directors. Our Board further believes that a substantial majority of its membership should be independent. Our Board of Directors has determined that both Messrs. Baldwin and Steffen qualify as independent directors under applicable rules and regulations and Grace's independence standards. Since Mr. Festa is our Chief Executive Officer, he is not considered independent. See information contained in the "Corporate Governance—Number and Independence of Directors" section of this Proxy Statement.

All of our directors bring to our Board a wealth of leadership capabilities derived from their service in executive and managerial roles and also extensive board experience. Background information about the nominees and the continuing directors, including their business experience and directorships held during the past five years, ages as of February 15, 2017, and certain individual qualifications and skills of our directors that contribute to our Board's effectiveness as a whole, are described below.

Our Board of Directors believes that the Grace directors as a group have backgrounds and skills important for our business. Our Board also believes that its effectiveness has been enhanced by having a blend of long-serving directors with a deep understanding of our businesses and relative newcomers who have been able to provide fresh viewpoints. Under our Corporate Governance Principles, to encourage director refreshment and new ideas, a director who has served fifteen years on our Board is required to submit his or her resignation to the Lead Independent Director. The Lead Independent Director and the remainder of the Board then determine whether to accept or reject such resignation. In accordance with these Principles, Mr. Baldwin, who joined our Board in 2002, submitted his resignation on February 22, 2017. Our Board rejected his resignation, citing the need for continuity resulting from the separation of Grace and its former subsidiary, GCP Applied Technologies Inc. ("GCP"), into two independent public companies, which we refer to herein as the "separation." In connection with the separation, three very experienced directors of Grace left our Board to join the GCP board of directors. We added three new directors to replace them. Given their short tenure, our Board determined that it would be in the best interests of Grace and its stockholders for Mr. Baldwin to continue as a director. Mr. Baldwin will continue to be required to submit his resignation each year of his term in the event he is re-elected. We expect that Mr. Baldwin, if re-elected, would serve for only one year of his three-year term. As of February 28, 2017, the average tenure of our independent directors was 6.7 years.

The biographies below summarize the experiences, qualifications, attributes, and skills that qualify our nominees and continuing directors for service on our Board.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF H. FURLONG BALDWIN, ALFRED E. FESTA, AND CHRISTOPHER J. STEFFEN.**

Nominees For Election as Directors

Nominees—Class III—Term to expire at the 2020 Annual Meeting

H. Furlong Baldwin Served as a director of Mercantile Bankshares Corporation from 1970 to 2003, as Chairman of the Board from 1984 to 2003 and as President and Chief Executive Officer from 1976 to 2001. Mr. Baldwin served as Chairman of NASDAQ OMX Group, Inc. until 2012 and served as a director of Platinum Underwriters Holdings, Ltd. and Allegheny Energy Inc. until 2011.

Age 85

Director since 2002 Mr. Baldwin brings to our Board the management and governance knowledge he developed as a banking chief executive and public company board member and his extensive experience in banking and finance including significant knowledge of the business development, acquisitions, capital raising, operations and financial issues facing large corporations.

Alfred E. Festa Joined Grace in 2003 and was elected Chief Executive Officer ("CEO") in 2005 and Chairman in 2008. He served as President from 2003 to 2011 and Chief Operating Officer from 2003 to 2005. Prior to joining Grace, Mr. Festa was a partner of Morganthaler Private Equity Partners, a venture capital and buyout firm, from 2002 to 2003. From 2000 to 2002, he was with ICG Commerce, Inc., a private company providing on-line procurement services, where he last served as President and Chief Executive Officer. Prior to that, he served as Vice President and General Manager of AlliedSignal's (now Honeywell) performance fibers business. Mr. Festa is a director of NVR, Inc., a publicly held home builder.

Alfred E. Festa

Age 57

Director since 2004

Mr. Festa brings to our Board his substantial leadership, sales and marketing, international business and venture capital experience. As CEO, Mr. Festa brings to our Board his intimate knowledge of all aspects of Grace's operations and strategy.

Christopher J. Steffen Served as Vice Chairman of Citicorp and its principal subsidiary, Citibank N.A., until 1996. He is currently a private investor. Mr. Steffen served as a director of Viasystems Group, Inc. and Platinum Underwriters Holdings, Ltd. until 2015 and served as a director of Accelrys, Inc. until 2012. Previously, Mr. Steffen served as Senior Vice President and Chief Financial Officer of Eastman Kodak and Executive Vice President and Chief Financial and Administrative Officer and director of Honeywell. As Lead Independent Director, Mr. Steffen presides at all executive sessions of our Board.

Christopher J. Steffen

Age 74

Director since 2006

With his background as a financial and operational leader with companies with global operations in various industries, Mr. Steffen brings to our Board his extensive international business expertise and knowledge of financial matters and financial reporting. Mr. Steffen also has substantial governance and oversight experience developed as a director of multiple public companies.

Continuing Directors

Continuing Directors—Class II—Term to expire at the 2019 Annual Meeting

Diane H. Gulyas  
Age 60  
Director since 2015

Served as President of the performance polymers business of E.I. du Pont de Nemours and Company which included DuPont’s engineering polymers, elastomers and films business units from 2009 to 2014. Ms. Gulyas joined DuPont in 1978 and progressed through positions of increasing responsibility including a variety of sales, marketing, technical and systems development positions, primarily in DuPont’s polymers business. Ms. Gulyas has served as vice president and general manager for DuPont’s advanced fiber business and as group vice president of DuPont’s electronic and communication technologies platform. In 2004, Ms. Gulyas was named chief marketing and sales officer of DuPont, responsible for corporate branding and marketing communications, market research, e-business and marketing/sales capability worldwide. Ms. Gulyas is a director of Mallinckrodt Pharmaceuticals and Expeditors International of Washington, Inc. and served as a director of Navistar International Corporation until 2012.

Ms. Gulyas brings to our Board her substantial and varied management experience and her strong skills in engineering, manufacturing (domestic and international), marketing and non-U.S. sales and distribution gained as a senior executive of one of the world’s largest chemical companies. Ms. Gulyas also has governance and oversight experience from her service as a senior executive of a public company and her prior service on a public company board.

Jeffrey N. Quinn  
Age 58  
Director since 2012

Mr. Quinn is the founder, Chairman and Chief Executive Officer of The Quinn Group LLC, a diversified holding company with investments in the industrial, real estate and active lifestyle sectors and Chairman, Chief Executive Officer and Managing Member of Quinpario Partners LLC an investment and operating firm. He has served in these roles since 2012. Mr. Quinn also serves as the Chairman of the Board of Directors of Jason Industries, Inc. since 2014, the parent company to a global family of manufacturing leaders within the seating, finishing, components and automotive acoustics markets. Mr. Quinn served as Jason’s Chief Executive Officer from November 2015 until December 2016. Mr. Quinn served as President, Chief Executive Officer and Chairman of Quinpario Acquisition Corp., a blank check company, from its inception in May 2013 until June 2014, when it completed its business combination of Jason Industries, Inc. Prior to forming The Quinn Group LLC and Quinpario Partners LLC, Mr. Quinn was President, Chief Executive Officer and Chairman of the Board of Solutia Inc., a global specialty chemical and performance materials company. From 2004 to 2012, Mr. Quinn served as the President and Chief Executive Officer of Solutia, and served as the Chairman of the Board from 2006 to 2012. Solutia was sold to Eastman Chemical Company in 2012. Mr. Quinn joined Solutia in 2003 as Executive Vice President, Secretary, and General Counsel. In mid-2003 he added the duties of Chief Restructuring Officer to help prepare the company for its eventual filing for reorganization under Chapter 11 later that year (Solutia emerged from bankruptcy in 2008). Prior to joining Solutia, Mr. Quinn was Executive Vice President, Chief Administrative Officer, Secretary and General Counsel for Premcor Inc., which at the time was one of the nation’s largest independent refiners. Prior to Premcor, Mr. Quinn was Senior Vice President-Law & Human Resources, Secretary and General Counsel for Arch Coal, Inc. Mr. Quinn started at Arch Coal in 1986 when it was known as Arch Mineral Corporation. He became General Counsel in 1989. Mr. Quinn serves as a director of Tronox Limited. Mr. Quinn formerly served as a director of SunEdison, Inc. (formerly MEMC Electronic Materials Inc.), Tecumseh Products Company, and Ferro Corporation and also was former Chairman of the Board of Directors of Quinpario Acquisition Corp. 2, a blank check company formed for the purpose of entering into a business combination.

Mr. Quinn brings to our Board his extensive senior level executive leadership experience in specialty chemicals and other industries and his broad experience in a wide range of functional areas, including strategic planning, mergers and acquisitions, human resources, and legal and governmental affairs. He also has extensive experience in board processes and governance.



Julie  
Fasone  
Holder  
Age 64  
Director  
since  
2016

Serves as the Chief Executive Officer of JFH Insights LLC, a consulting firm primarily dedicated to leadership coaching for high potential women executives, since founding the company in 2009. Previously, Ms. Holder served as Senior Vice President, Chief Marketing, Sales and Reputation Officer, U.S. Area Executive Oversight of The Dow Chemical Company from 2007 until her retirement in 2009. Before that, she was Dow's Vice President, Human Resources, Public Affairs and Diversity and Inclusion from 2006. Prior to that, Ms. Holder served in various positions with increasing seniority at Dow from 1975 to 2006, including several commercial leadership positions with global responsibilities. She currently serves on the board of Eastman Chemical Company and is on the Board of Trustees of the McLaren Northern MI Hospital.

Ms. Fasone Holder brings to our Board strong international sales and marketing experience as well as operational insight. She has deep chemical industry knowledge and experience that provides an important depth of understanding of how our businesses operate and interact with customers and suppliers. Ms. Fasone Holder also brings substantial human resources management experience.



Continuing Directors—Class I—Term to expire at the 2018 Annual Meeting

Robert F. Cummings, Jr.  
Age 67  
Director since 2015

Served as Vice Chairman of Investment Banking at JPMorgan Chase & Co. from 2010 until his retirement on February 1, 2016. From 2002 to 2009, Mr. Cummings served as a senior managing director at GSC Group, Inc., a privately held money management firm. He began his business career in the investment banking division of Goldman, Sachs & Co. in 1973 and was a partner of the firm from 1986 until his retirement in 1998. He served as an advisory director at Goldman Sachs until 2002. Mr. Cummings is a director of Corning Inc. and was a director of Viasystems Group, Inc. from 2002 until 2015.

Mr. Cummings brings to our Board his more than 30 years of investment banking experience advising corporate clients on financings, business development, mergers and acquisitions, and other strategic financial issues. He also has significant knowledge in the areas of technology, private equity and real estate. Mr. Cummings has substantial governance and oversight experience developed as a director of multiple public companies.

Mark E. Tomkins  
Age 61  
Director since 2006

Served as Senior Vice President and Chief Financial Officer of Innovene, a petrochemical and oil refining company controlled by BP that is now part of the INEOS Group, from 2005 until 2006. He served as Chief Financial Officer of Vulcan Materials Company from 2001 to 2005 and CFO of Great Lakes Chemical (now Chemtura) from 1998 to 2001. Prior to joining Great Lakes Chemical, Mr. Tomkins held various mid- and upper-level financial positions with AlliedSignal (now Honeywell) and Monsanto Company. Mr. Tomkins is a certified public accountant. Mr. Tomkins is non-executive chairman of ServiceMaster Global Holdings, Inc. and a director of Klockner Pentaplast Group. Mr. Tomkins was formerly a director of Elevance Renewable Sciences Inc., a privately held renewable polymer and energy company and of CVR Energy, Inc. He is currently a private investor.

With his background as a Chief Financial Officer of multiple public companies, Mr. Tomkins brings to our Board his intimate knowledge of the global chemicals and petroleum industry and his experience overseeing finance and business development in major corporations. Mr. Tomkins also has substantial governance and oversight experience developed as a director of public companies.

## Corporate Governance

### Corporate Governance Principles

Our Board of Directors has adopted the Grace Corporate Governance Principles to provide a framework for the governance of Grace, and to promote the efficient functioning of our Board. These principles are subject to modification by our Board from time to time. You can find the Grace Corporate Governance Principles on our website at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx).

### Number and Independence of Directors

Our Board of Directors determines the number of directors. Our Board currently consists of eight members. Under our Corporate Governance Principles, a substantial majority of Grace's directors are required to be "independent" as determined under guidelines set forth in the listing standards of the New York Stock Exchange, or NYSE. Our Board, at its February 23, 2017 meeting, affirmatively determined that all directors, other than Mr. Festa (who is also our Chief Executive Officer), are independent under NYSE rules because none of such directors has any direct or indirect material relationship with Grace or our subsidiaries, other than through his or her service as a director and as an owner of less than 1% of Grace common stock. In addition to the application of the NYSE rules, this determination was based on a number of factors, principal among them were the following:

- none of these directors, nor any member of their immediate families, is, or at any time during the last five years was, a Grace executive officer or employee;
- none of these directors, nor any member of their immediate families, is an executive officer of any other entity with whom we do any material amount of business;
- none of these directors, nor any member of their immediate families has, during the last five years, received any direct compensation from Grace (other than director and committee fees); and
- none of these directors serve, or within the last five years served, as an executive officer, director, trustee or fiduciary of any charitable organization to which we made any material charitable donation.

Our Board also determined that Mr. Ronald C. Cambre, Dr. Marye Anne Fox and Ms. Janice K. Henry, who resigned from our Board and all committees in connection with the separation described below, effective February 3, 2016, were also independent during the period prior to the separation as per the above.

### Director Terms

Our Amended and Restated Certificate of Incorporation provides for the division of our Board of Directors into three classes, each to serve for a three-year term. The term of one class of directors currently expires each year at the annual meeting of stockholders. Our Board may fill a vacancy by electing a new director to the same class as the director being replaced. Our Board may also create a new director position in any class and elect a director to hold the newly created position. At the 2017 Annual Meeting, the stockholders will vote on the election of three Class III Directors to serve for a term expiring at the 2020 Annual Meeting.

### Board Leadership—Lead Independent Director

Under our Corporate Governance Principles, our Board of Directors makes a determination as to whether the Chief Executive Officer should also serve as Chairman of the Board of Directors. This determination is based upon the composition of our Board and the circumstances of Grace at the time. Our Board believes that this issue is part of the succession planning process. Our Board has considered

the roles and responsibilities of each position and currently believes that Grace and its stockholders are best served by having Mr. Festa serve as both Chairman and Chief Executive Officer. Our Board of Directors believes that Mr. Festa's service in both positions is appropriate due to his extensive industry experience, his in-depth knowledge of Grace and its highly complex, international operations and strategy, and his full appreciation of the business environment and Grace's risk management strategies. Our Board believes that as Chairman and Chief Executive Officer, Mr. Festa can provide a single voice to management, stockholders and customers and be a vital link between management and the independent directors.

Mr. Steffen, one of our independent directors, has been elected by the independent directors to serve as the Lead Independent Director. The Lead Independent Director: presides at all meetings of our Board at which the Chairman is not present; calls and presides over executive sessions of the independent directors at each Board meeting; acts as primary liaison between the Chairman and the independent directors; approves Board meeting agendas with the Chairman; approves meeting schedules to assure that there is sufficient time for discussion of all agenda items; consults with the Chairman on major issues in advance of each Board meeting; and calls meetings of the independent directors. The Lead Independent Director also serves as a contact for Grace stockholders who wish to communicate with our Board other than through the Chairman. Our Board believes that this leadership structure is appropriate for Grace and in the best interests of Grace stockholders at this time.

Interested parties may communicate with Mr. Steffen by writing to him at the following address: Christopher J. Steffen, Lead Independent Director, c/o W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044.

Standing Committees of our Board of Directors

Our Board of Directors has the following four standing committees: Audit Committee, Nominating and Governance Committee, Compensation Committee, and Corporate Responsibility Committee. Only independent directors, as independence is determined in accordance with NYSE rules, are permitted to serve on the standing committees. The Board annually selects, from among its members, the members and Chair of each standing committee.

The table below provides information with respect to current standing committee memberships of the directors as of March 13, 2017. The table also sets forth the number of meetings (including teleconference meetings) held by each Board committee in 2016. We reimburse directors for expenses they incur in attending Board and committee meetings and other activities incidental to their service as directors but we do not pay our directors any separate meeting fees.

Director	Audit	Compensation	Nominating and Governance	Corporate Responsibility
H. Furlong Baldwin	ü	ü	ü	ü
Robert F. Cummings, Jr.	ü	ü	ü	ü
Alfred E. Festa				
Julie Fasone Holder**	ü	ü	ü	ü
Diane H. Gulyas	ü	ü	ü	*
Jeffry N. Quinn	ü	*	ü	ü
Christopher J. Steffen‡	ü	ü	*	ü
Mark E. Tomkins	*	ü	ü	ü
Number of 2016 Meetings	5	6	2	2

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ü Committee Member and Independent Director

\* Committee Member, Independent Director and Committee Chair

‡ Lead Independent Director

\*\* Elected to the Board on November 2, 2016

Each standing committee has a written charter that describes its responsibilities. Each of the standing committees has the authority, as it deems appropriate, to independently engage outside legal, accounting or other advisors or consultants. In addition, each standing committee annually conducts a review and evaluation of its performance and reviews and reassesses its charter. You can find the current charters of each standing committee on our website [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx).

#### Audit Committee

The Audit Committee has been established in accordance with the provisions of the Exchange Act, the rules of the NYSE and our Corporate Governance Principles. The Audit Committee assists our Board of Directors in overseeing:

- the integrity of Grace's financial statements;
- Grace's compliance with legal and regulatory requirements;
- the qualifications and independence of the independent auditors;
- the performance of Grace's internal audit function and independent auditors; and
- the preparation of the internal control report and an audit committee report as required by the SEC.

The Audit Committee has the authority and responsibility for the appointment, retention, compensation, oversight and, if circumstances dictate, discharge of Grace's independent auditors, including pre-approval of all audit and non-audit services to be performed by the independent auditors. The independent auditors report directly to the Audit Committee and, with the internal auditors, have full access to the Audit Committee and routinely meet with the Audit Committee without management being present. The Audit Committee is also responsible for reviewing, approving and ratifying any related party transaction.

The Audit Committee members are H. Furlong Baldwin, Robert F. Cummings, Jr., Julie Fasone Holder, Diane H. Gulyas, Jeffrey N. Quinn, Christopher J. Steffen and Mark E. Tomkins, each of whom meets the independence standards of the SEC and NYSE, are financially literate within the meaning of the NYSE listing standards and meet the experience and financial requirements of the NYSE listing standards. Mr. Tomkins serves as Chair of the Audit Committee. Our Board of Directors has determined that Mr. Tomkins is an "audit committee financial expert" as defined by SEC rules and regulations. A number of our other independent directors would also qualify as audit committee financial experts.

#### Nominating and Governance Committee

The Nominating and Governance Committee:

- sets criteria for the selection of directors, identifies individuals qualified to become directors and recommends to our Board the director nominees for the annual meeting of stockholders;
- develops and recommends to our Board appropriate corporate governance principles applicable to Grace; and
- oversees the evaluation of our Board and management.

In considering candidates for election to our Board (including candidates recommended by stockholders), we believe that our Board should be composed of individuals with a commitment to increasing stockholder value, a diversity of experience, the highest integrity, the education and ability to understand business problems and evaluate and propose solutions, the personality to work well with others, a reasoned commitment to Grace's social responsibilities, and the availability of time to assist Grace. We wish to ensure that a diversity of experience is reflected on our Board, including a broad

diversity of industry experience, product experience and functional background. We also believe that a substantial majority of our Board should be independent, as defined by NYSE rules and applicable laws and regulations. Our Board conducts a self-assessment process every year and periodically reviews the skills and characteristics needed by our Board. As part of the review process, our Board considers the skill areas represented on our Board, those skill areas represented by directors expected to retire or leave our Board in the near future, and recommendations of directors regarding skills that could improve the ability of our Board to carry out its responsibilities.

When our Board or the Nominating and Governance Committee has identified the need to add a new Board member with specific qualifications or to fill a vacancy on our Board, the chair of the Nominating and Corporate Governance Committee will initiate a search, seeking input from other directors and management, review any candidates that the Committee has previously identified or that have been recommended by stockholders in that year, and may retain a search firm. The Committee will identify the initial list of candidates who satisfy the specific criteria, if any, and otherwise qualify for membership on our Board. Generally, two members of the Committee (with one preferably the chair) and our Chairman of the Board and Chief Executive Officer will interview each qualified candidate. Other directors may also interview the candidate if practicable. Based on a satisfactory outcome of those reviews, the Committee will make its recommendation on the candidate to our Board.

The Nominating and Governance Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates and the sole authority to approve the search firm's fees and other retention terms. The Nominating and Governance Committee members are H. Furlong Baldwin, Robert F. Cummings, Jr., Julie Fasone Holder, Diane H. Gulyas, Jeffrey N. Quinn, Christopher J. Steffen and Mark E. Tomkins, each of whom meets the independence standards of the NYSE. Mr. Steffen serves as Chair of the Nominating and Governance Committee.

Compensation Committee  
The Compensation Committee:

- approves all compensation actions with respect to Grace's directors, executive officers, and certain other members of senior management;

- evaluates and approves the Grace annual and long-term incentive compensation plans (including equity-based plans), and oversees the general compensation structure, policies, and programs of Grace;

- oversees the development of succession plans for the Chief Executive Officer and the other executive officers (during 2016, the committee formalized a CEO emergency succession plan designed to address an unexpected departure of the CEO); and

- produces an annual report on executive officer compensation as required by applicable law.

The Committee engaged Willis Towers Watson, a human resources consulting firm, as its independent provider of compensation consulting services for decisions relating to 2016 compensation. Please see "Executive Compensation—Compensation Discussion and Analysis" in this Proxy Statement for more discussion about the role of Willis Towers Watson. The Committee also utilizes external legal advisors as necessary and assesses the independence of all of its advisors.

Representatives of Willis Towers Watson regularly attended meetings of the Compensation Committee. For portions of those meetings, the Chairman and Chief Executive Officer and the Vice President and Chief Human Resources Officer also attended and were given the opportunity to express their views on executive compensation to the Compensation Committee.

The Compensation Committee members are H. Furlong Baldwin, Robert F. Cummings, Jr., Julie Fasone Holder, Diane H. Gulyas, Jeffry N. Quinn, Christopher J. Steffen and Mark E. Tomkins, each of whom is: independent under the independence standards of the NYSE, a “non employee director” of Grace as defined under Rule 16b-3 of the Exchange Act, and an “outside director” for the purposes of the corporate compensation provisions contained in Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Tax Code. Mr. Quinn serves as Chair of the Compensation Committee.

#### Corporate Responsibility Committee

The Corporate Responsibility Committee assists our Board of Directors and management in addressing Grace’s responsibilities as a global corporate citizen. In particular, the Committee counsels management with respect to: the development, implementation and continuous improvement of procedures, programs, policies and practices relating to Grace’s responsibilities as a global corporate citizen;

the adherence to those procedures, programs, policies and practices at all levels of Grace; and

the maintenance of open communications to ensure that issues are brought to the attention of, and considered by, all appropriate parties.

The Corporate Responsibility Committee members are H. Furlong Baldwin, Robert F. Cummings, Jr., Julie Fasone Holder, Diane H. Gulyas, Jeffry N. Quinn, Christopher J. Steffen and Mark E. Tomkins, each of whom meets the independence standards of the NYSE. Ms. Gulyas serves as Chair of the Corporate Responsibility Committee.

#### Director Attendance at Board of Directors Meetings

Our Board of Directors generally holds six regular meetings per year and meets on other occasions when circumstances require. Directors spend additional time preparing for Board and committee meetings and participating in conference calls to discuss quarterly earnings announcements or significant transactions or developments. During 2016, this included the Directors' efforts leading to the successful completion of the separation of the business, assets and liabilities associated with the former Grace Construction Products operating segment and the Darex packaging technologies business into an independent publicly-traded company (the "separation"). Additionally, we may call upon directors for advice between meetings. Our Corporate Governance Principles provide that our Board will meet regularly in executive session without management in attendance. Under our Corporate Governance Principles, we expect directors to regularly attend meetings of our Board and of all committees on which they serve and to review the materials sent to them in advance of those meetings. We expect nominees for election at each annual meeting of stockholders to attend the annual meeting. All of the nominees for election at the Annual Meeting this year currently serve on our Board of Directors.

Our Board of Directors held 11 meetings in 2016. Each director attended 75% or more of the 2016 meetings of our Board and the Board committees on which he or she served in 2016.

#### Director Attendance at the Annual Meeting

We expect that all of our directors serving on our Board at the time of the Annual Meeting will attend the Annual Meeting pursuant to our Corporate Governance Principles. All of our directors serving on our Board at the time of the 2016 Annual Meeting of Stockholders attended that meeting.

#### Board Role in Risk Oversight

Our Board of Directors actively oversees the risk management of Grace, including the risks inherent in the implementation of our strategic plan and the operation of our businesses. Our Board reviews the Grace enterprise risk management program at least annually and considers whether risk

management processes are functioning properly and are appropriately adapted to Grace’s strategy, culture, risk appetite and value-generation objectives. The Grace enterprise risk management program includes reviews of cybersecurity vulnerability and the actions necessary to enhance the security of our information systems. Our Board provides guidance to management regarding risk management as appropriate for the risks faced by companies in our industry. These activities are supplemented by a rigorous internal audit function that reports directly to the Audit Committee. Standing Board committees are responsible for overseeing risk management practices relevant to their functions. The Audit Committee oversees the management of market and operational risks that could have a financial impact, such as those relating to internal controls and financial liquidity. The Nominating and Governance Committee oversees risks related to governance issues, such as the independence of directors and the breadth of skills on our Board. The Compensation Committee manages risks related to Grace’s executive compensation plans and the succession of the Chief Executive Officer and other executive officers. The Corporate Responsibility Committee manages certain risks related to government regulation and environment, health and safety matters.

#### Stock Ownership Guidelines

In order to ensure that the long-term financial interests of our directors and senior executives are fully aligned with the long-term interests of our stockholders, our Board implemented stock ownership guidelines in 2014. The current guidelines are as follows:

Category of Executive	Ownership Guideline
Directors (other than CEO)	5 times cash portion of annual retainer
Chief Executive Officer	5 times base salary
Members of the Grace Leadership Team	3 times base salary
Presidents of Operating Segments	2 times base salary
Certain Key Vice Presidents	1 times base salary

Directors and executives subject to the stock ownership guidelines generally have five years from the later of the year of the separation or the year of their initial election or appointment to comply with the relevant guideline.

#### Stockholder Engagement

The Company welcomes stockholder engagement. Our directors are available to answer questions from stockholders at the Annual Meetings. Between meetings, our Chairman and CEO and our Chief Financial Officer engage with stockholders on a regular basis at industry and financial conferences, road shows, and one-on-one meetings and in conference calls. We also make Mr. Steffen, our Lead Independent Director, available to engage with stockholders on matters that they believe are better addressed by an independent director. Further, the Compensation Committee welcomes the continued input of stockholders on our executive compensation program by means of the annual advisory "say-on-pay" vote or in specific discussions about “say-on-pay” or our compensation programs and policies.

#### Stockholder Communications with our Board of Directors

Stockholders may communicate with our Board of Directors by writing to Mr. Festa, the Chairman of the Board of Directors, at the following address: Fred Festa, Chairman of the Board of Directors, c/o W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044. Stockholders may communicate with the independent members of our Board of Directors by writing to Mr. Steffen, the Lead Independent Director, at the following address: Christopher J. Steffen, Lead Independent Director, c/o W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044.

Prospective Change in Corporate Governance

Our Board of Directors and the Compensation Committee evaluate our corporate governance and compensation programs on a continuous basis, considering market practices in our industry, while taking into account our individual needs and corporate history. As such, the Board has recently discussed whether to renew the Company's Shareholder Rights Agreement. The Shareholder Rights Agreement was adopted on March 31, 1998 at the time of a major corporate transaction. An extension of the rights was approved by the U.S. Bankruptcy Court for the District of Delaware and the Official Committee of Equity Security Holders in connection with our prior Chapter 11 proceedings. The rights will expire on March 30, 2018, unless extended by the Board. Subject to its fiduciary duties, we expect our Board will permit the rights to expire in accordance with their terms.



## Director Compensation

### Director Compensation Program

Under our compensation program for nonemployee directors, each nonemployee director receives an annual retainer of \$180,000 that is split between cash and equity. For any portion of a retainer denominated in cash but paid in shares of common stock, we calculate the number of shares of common stock to be issued by dividing the amount payable in shares of common stock by the fair market value per share. The fair market value per share is the closing price of the common stock on the date of grant. If any calculation would result in a fractional share being issued, we round the amount of equity to be issued up to the nearest whole share. Under this program, each nonemployee director receives an annual retainer of \$80,000 paid quarterly in cash and an annual award of approximately \$100,000 of Grace common stock issued in May. Additional annual cash retainers are paid in December as follows: the Lead Independent Director receives \$20,000; the Audit Committee Chair receives \$15,000; and the Chairs of the Compensation and the Nominating and Governance Committees each receive \$10,000. We reimburse directors for expenses they incur in attending Board and committee meetings and other activities incidental to their service as directors but we do not pay our directors any separate meeting fees. Our directors, and all Grace employees, are entitled to participate in the Grace Foundation's Matching Grants Program. Mr. Festa's compensation is described in the Summary Compensation Table set forth in "Executive Compensation—Compensation Tables" and he receives no additional compensation for serving as a member of our Board of Directors.

The following table sets forth amounts that we paid to our nonemployee directors in connection with their services to Grace during 2016.

Name (a)	Fees Earned or Paid in Cash (\$)(a)	Stock Awards (\$)(b)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(c)	Total (\$)
H. F. Baldwin	80,000	100,018	—	—	—	—	180,018
R. C. Cambre (d)	—	—	—	—	—	2,500	2,500
R. F. Cummings, Jr.	80,000	100,018	—	—	—	—	180,018
J. Fasone Holder(e)	20,000	—	—	—	—	—	20,000
D. H. Gulyas	80,000	100,018	—	—	—	3,000	183,018
J. K. Henry (d)	—	34,307	—	—	—	—	34,307
J. N. Quinn	90,000	131,583	—	—	—	—	221,583
C. J. Steffen	110,000	100,018	—	—	—	3,000	213,018
M. E. Tomkins	95,000	100,018	—	—	—	—	195,018

Amount consists of cash portion of annual retainer in the amount of \$80,000 and additional payments to: Mr. Quinn for serving as Chair of the Compensation Committee in the amount of \$10,000; Mr. Tomkins for serving as (a) Chair of the Audit Committee in the amount of \$15,000; and Mr. Steffen for serving as Chair of the Nominating and Governance Committee (\$10,000) and Lead Independent Director (\$20,000) in the amount of \$30,000.

Reflects the aggregate grant date fair value of the equity portion of the annual retainer of 1,307 shares of Grace common stock calculated in accordance with FASB ASC Topic 718. The amount in this column for Ms. Henry and (b) the additional amount in this column for Mr. Quinn (above the amount for the other current directors) represents the vesting of grants made in connection with the Company's emergence from bankruptcy.

Consists of charitable contributions paid during 2016 to academic institutions at the request of the director pursuant to the W. R. Grace Foundation Inc.'s Matching Grants to Education Program. The program's purpose is to assist the (c) primary educational objectives of approved institutions of higher education in the United States and Canada. The foundation will match, dollar for dollar, personal gifts made by employees and directors to qualified colleges, universities and secondary schools up to a maximum of \$3,000 per year.

Mr. Cambre and Ms. Henry resigned from the Board of Directors and all committees effective February 3, 2016.

(d) Dr. Fox also resigned from the Board of Directors and all committees at that time, but did not have any compensation paid in connection with her services to Grace during 2016.

(e) Elected to the Board on November 2, 2016.

#### Director Compensation Process

Our director compensation program is intended to enhance our ability to attract, retain and motivate nonemployee directors of exceptional ability and to promote the common interest of directors and stockholders in enhancing the value of Grace. The Compensation Committee reviews director compensation at least annually. The Compensation Committee has the sole authority to engage a consulting firm to evaluate director compensation and, in 2016, engaged Willis Towers Watson, a human resources consulting firm, to assist in establishing director compensation. The Compensation Committee determines director compensation based on recommendations and information provided by Willis Towers Watson and based on reviewing commercially available survey data from Willis Towers Watson related to general industry director compensation trends at companies of comparable size and our peer group companies (as described under the caption "Executive Compensation—Compensation Discussion and Analysis").

OTHER INFORMATION

Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth the amount of Grace common stock beneficially owned, directly or indirectly: as of the date of the most recent Schedule 13G (or amendment thereto) filed by such person with the SEC, by each person that is the beneficial owner of more than 5% of the outstanding shares of Grace common stock as reflected in such Schedule 13G (or amendment thereto);

as of February 28, 2017, by each current director;

as of February 28, 2017, by each of the executive officers named in the Summary Compensation Table set forth in "Executive Compensation—Compensation Tables"; and

as of February 28, 2017, by all current directors and all current executive officers as a group.

Name and Address of Beneficial Owner(1)	Shares of Common Stock Beneficially Owned	Percent(2)	
Iridian Asset Management LLC (3) David L. Cohen Harold J. Levy 276 Post Road West Westport, CT 06880-4704	5,085,601	7.5	%
The Vanguard Group, Inc. (4) 100 Vanguard Blvd. Malvern, PA 19355	5,720,747	8.4	%
FMR LLC (5) 245 Summer Street Boston, MA 02210	5,368,950	7.9	%
H. F. Baldwin	28,146		
	15,000	(6)	
	43,146	*	
R. F. Cummings	10,349		
	2,000	(6)	
	12,349	*	
A. E. Festa	243,935		
	226,544	(7)	
	470,479	*	
J. Fasone Holder	—		
D. H. Gulyas	6,349	*	
J. N. Quinn	6,320	*	
C. J. Steffen	16,228	*	
M. E. Tomkins	14,349	*	
E. C. Brown	1,198		
	18,245	(7)	
	19,443	*	
H. La Force III	76,563		
	47,884	(7)	
	124,447	*	
T. E. Blaser	912		
	12,476	(7)	
	13,388	*	
M. A. Shelnitz	56,584		
	59,298	(7)	
	11,782	(6)	
	127,664	*	
Current directors and current executive officers as a group (13 persons)	465,855		
	386,402	(7)	
	28,782	(6)	
	881,039	1.3%	

\* Indicates less than 1.0%.

(1)

The address of each of our directors and executive officers is c/o Corporate Secretary, W. R. Grace & Co., 7500 Grace Drive, Columbia, Maryland 21044. Except as otherwise indicated, to our knowledge, each individual, along

with his or her spouse, has sole voting and investment power over the shares. Mr. Ronald C. Cambre, Dr. Marye Ann Fox and Ms. Janice K. Henry resigned from the Board of Directors and all committees effective February 3, 2016 in connection with the separation and are not included in the table.

(2) Based on 68,263,003 shares of Grace common stock outstanding on February 28, 2017.

According to a Schedule 13G/A filed with the SEC on February 2, 2017 (the "Iridian Schedule 13G/A") by Iridian Asset Management LLC ("Iridian"), David L. Cohen, and Harold J. Levy, Iridian possesses, and Messrs. Cohen and Levy may be deemed to possess, beneficial ownership of 5,085,601 shares of Grace common stock, by means (3) of shared voting power and shared investment power. Messrs. Cohen and Levy disclaim beneficial ownership of such shares. The ownership information set forth is based in its entirety on material contained in the Iridian Schedule 13G/A.

The Vanguard Group, Inc. ("VGI") beneficially owns in the aggregate 5,720,747 shares of Grace common stock by means of: sole voting power over 56,382 shares; shared voting power over 12,950 shares; sole investment power over 5,653,515 shares; and shared investment power over 67,232 shares. Vanguard Fiduciary Trust Company, a (4) wholly-owned subsidiary of VGI, is the beneficial owner of 37,482 shares as a result of serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of VGI, is the beneficial owner of 48,650 shares as a result of its serving as investment manager of Australian investment offerings. The ownership information set forth is based in its entirety on material contained in a Schedule 13G/A filed with the SEC by VGI on February 10, 2017.

FMR LLC ("FMR") beneficially owns 5,368,950 shares of Grace common stock by means of: sole voting power over 106,783 shares; and sole investment power over 5,368,950. The ownership information set forth is based in its entirety on material contained in a Schedule 13G filed with the SEC by FMR on February 14, 2017. In addition to (5) FMR, such filing also includes Abigail P. Johnson, a Director, the Chairman and the Chief Executive Officer of FMR as a Reporting Person and states that the filing reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by FMR, certain of its subsidiaries and affiliates, and other companies (collectively, the "FMR Reporters").

(6) Shares owned by trusts and other entities as to which the person has the power to direct voting and/or investment.

Pursuant to SEC rules, shares of Grace common stock to be issued upon the exercise of stock options that are (7) exercisable and shares of Grace common stock with respect to which investment or voting power will vest within 60 days after February 28, 2017 are deemed to be beneficially owned as of such date.

## Equity Compensation Plan Information

The following table sets forth information as of December 31, 2016, with respect to our compensation plans under which shares of Grace common stock are authorized for issuance upon the exercise of options, warrants or other rights. The only such compensation plans in effect are stock incentive plans providing for the issuance of stock options, restricted stock and other equity awards.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)(2)	Weighted-average exercise price of outstanding options, warrants and rights (\$)(2)(3)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options, warrants and rights) (#)(2)(4)
Equity compensation plans approved by security holders(1)	2,266,613	66.83	2,951,387

- (1) The 2011 Stock Incentive Plan and the Amended and Restated 2011 Stock Incentive Plan were approved on behalf of Grace stockholders by the Official Committee of Equity Security Holders in the Grace Chapter 11 case and by the U.S. Bankruptcy Court for the District of Delaware on April 8, 2011 and April 16, 2013, respectively. The 2014 Stock Incentive Plan was approved on behalf of Grace stockholders by the Official Committee of Equity Security Holders in the Grace Chapter 11 case and by the U.S. Bankruptcy Court and U.S. District Court for the District of Delaware as part of our Joint Plan of Reorganization, which became effective on February 3, 2014. Under the 2011 Plan, there are 293,950 shares of Grace common stock to be issued upon the exercise of outstanding options (the weighted-average exercise price of outstanding options is \$39.42). Under the Amended 2011 Plan, there are 316,716 shares of Grace common stock to be issued upon the exercise of outstanding options (the weighted-average exercise price of outstanding options is \$61.77). Under the 2014 Plan, there are 1,330,119 (2) shares of Grace common stock to be issued upon the exercise of outstanding options (the weighted-average exercise price of outstanding options is \$74.09), 161,752 shares to be issued upon completion of the performance period for stock-settled PBUs (assuming the maximum number of shares are earned in respect of outstanding PBUs) and 164,076 shares to be issued upon completion of the vesting period for stock-settled restricted stock unit awards (RSUs).
- (3) The calculation of weighted-average exercise price does not take outstanding PBUs and RSUs into account.
- (4) Amount represents the number of shares of Grace common stock available for issuance pursuant to stock options, restricted stock, PBUs and other awards that could be granted in the future under the 2014 Plan.

## Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Securities Exchange Act of 1934, as amended, our directors, certain of our officers, and beneficial owners of more than 10% of the outstanding Grace common stock are required to file reports with the SEC concerning their ownership of and transactions in Grace common stock or other Grace securities; these persons are also required to furnish us with copies of these reports. Based upon the reports and related information furnished to us, we believe that all such filing requirements were complied with in a timely manner during and with respect to 2016.

## Related Party Transactions

Our Board of Directors recognizes that transactions involving related persons in which Grace is a participant can present conflicts of interest, or the appearance thereof, so our Board has adopted a written policy as part of the Grace Corporate Governance Principles (which are available on our website at [www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx](http://www.grace.com/en-us/corporate-leadership/Pages/Governance.aspx)) with respect to related person transactions. The policy applies to transactions involving related persons that are required to be disclosed pursuant to SEC regulations, which are generally transactions in which:

- Grace is a participant;
- the amount involved exceeds \$120,000; and





any related person, such as a Grace executive officer, director, director nominee, 5% stockholder or any of their respective family members, has a direct or indirect material interest.

Each such related person transaction shall be reviewed, determined to be in, or not inconsistent with, the best interests of Grace and its stockholders and approved or ratified by:

the disinterested members of the Audit Committee, if the disinterested members of the Audit Committee constitute a majority of the members of the Audit Committee; or

the disinterested members of our Board.

In the event a related person transaction is entered into without prior approval and, after review by the Audit Committee or our Board, as the case may be, the transaction is not ratified, we will make all reasonable efforts to cancel the transaction.

**PROPOSAL TWO  
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors has selected PricewaterhouseCoopers LLP ("PwC") to be Grace's independent registered public accounting firm for 2017. Although the submission of this matter for stockholder ratification at the Annual Meeting is not required by law, regulation or our By-laws, our Board is nevertheless doing so to determine the stockholders' views. If the selection is not ratified, the Audit Committee will reconsider its selection of PwC for future years.

PwC acted as independent accountants for Grace and its consolidated subsidiaries during 2016 and has been retained by the Audit Committee for 2017. A representative of PwC will attend the Annual Meeting, will be available to answer questions and will have an opportunity to make a statement if he or she wishes to do so.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS GRACE'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017.**

## Principal Accountant Fees and Services

The Audit Committee of our Board of Directors selected PwC to act as our principal independent accountants for 2016. The following table sets forth the fees and expenses that we incurred for the services of PwC for the year ended December 31, 2015, and our estimate of the fees and expenses that we incurred for the year ended December 31, 2016:

Fee Description	2016*	2015
Audit Fees	\$3,050,400	\$4,234,800
Audit-Related Fees	235,600	3,805,400
Tax Fees	75,600	151,500
All Other Fees	7,800	32,800
Total Fees	\$3,369,400	\$8,224,500

For 2016, amounts are current estimates in respect of services received for which final invoices have not been \*submitted. Fees for 2016 are lower primarily due to 2015 fees related to the separation and lower 2016 fees as result of the separation of GCP.

Audit Services consisted of \$2,678,600 for the audit of our consolidated financial statements and our internal controls over financial reporting (as required under Section 404 of the Sarbanes-Oxley Act of 2002), and the review of our consolidated quarterly financial statements services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements. Audit Services also included \$371,800 of fees related to the separation.

Audit-Related Services consisted of assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not included under "Audit Services" above.

Tax Services consisted of tax advice and compliance for non-U.S. subsidiaries, including preparation of tax returns, and advice and assistance with transfer pricing compliance.

All Other Fees consisted of license fees for access to accounting, tax, and financial reporting literature and non-financial agreed-upon procedures.

## Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted a preapproval policy that requires the Audit Committee to specifically preapprove the annual engagement of the independent accountants for the audit of our consolidated financial statements and internal controls. The policy also provides for general preapproval of certain audit-related, tax and other services provided by the independent accountants. Any other services must be specifically preapproved by the Audit Committee. However, the Chair of the Audit Committee has the authority to preapprove services requiring immediate engagement between scheduled meetings of the Audit Committee. The Chair must report any such preapproval decisions to the full Audit Committee at its next scheduled meeting. During 2015 and 2016, no audit-related, tax, or other services were performed by PwC without specific or general approval as described above. We have been advised by PwC that a substantial majority of the hours expended on their engagement for the 2016 audit of our consolidated financial statements and internal controls were attributed to work performed by PwC's full-time, permanent employees.

#### Audit Committee Report

The following is the report of the Audit Committee of our Board of Directors with respect to Grace's audited consolidated financial statements for the year ended December 31, 2016, which include the consolidated balance sheets of Grace as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows, and changes in equity for each of the three years in the period ended December 31, 2016, and the notes thereto (collectively, the "Financial Statements").

The Audit Committee consists of the following members of our Board: Mark E. Tomkins (Chair), H. Furlong Baldwin, Robert F. Cummings, Jr., Julie Fasone Holder, Diane H. Gulyas, Jeffry N. Quinn and Christopher J. Steffen. Each of the members of the Audit Committee is "independent," as defined under the NYSE's listing standards and the rules and regulations of the Securities Exchange Act of 1934, as amended. The Audit Committee operates under a written charter adopted by our Board of Directors.

The Audit Committee is responsible for reviewing the financial information that Grace provides to stockholders and others, and for overseeing Grace's internal controls and its auditing, accounting and financial reporting processes generally. The Audit Committee's specific responsibilities include: (1) selection of an independent registered public accounting firm to audit Grace's annual consolidated financial statements and its internal control over financial reporting; (2) serving as an independent and objective party to monitor Grace's annual and quarterly financial reporting process and internal control system; (3) reviewing and appraising the audit efforts of Grace's independent registered public accounting firm and internal audit department; and (4) providing an open avenue of communication among the independent registered public accounting firm, the internal audit department, management and our Board of Directors. The Audit Committee has reviewed and discussed the audited financial statements of Grace for the year ended December 31, 2016, with Grace's management.

The Audit Committee has discussed with PwC, Grace's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, issued by the Public Company Accounting Oversight Board.

The Audit Committee has received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence and has discussed with PwC the independence of PwC.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to our Board of Directors that Grace's audited financial statements be included in Grace's Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC.

#### AUDIT COMMITTEE

Mark E. Tomkins, Chair

H. Furlong Baldwin

Robert F. Cummings, Jr.

Julie Fasone Holder

Diane H. Gulyas

Jeffry N. Quinn

Christopher J. Steffen

**PROPOSAL THREE**

**ADVISORY VOTE TO APPROVE THE COMPENSATION OF GRACE'S NAMED EXECUTIVE OFFICERS**

Under Section 14A of the Exchange Act, our stockholders are entitled to vote on a proposal to approve on an advisory (non-binding) basis, the compensation of the executive officers named in the Summary Compensation Table set forth in "Executive Compensation—Compensation Tables." This vote is generally referred to as a "Say on Pay" vote.

Accordingly, we are asking stockholders to approve, on an advisory basis, the following resolution:

**RESOLVED**, that the compensation paid to the Corporation's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby **APPROVED**.

We do not intend that this vote address any specific items of compensation, but rather the overall compensation of our named executive officers and the policies and procedures described in this Proxy Statement. This vote is advisory and not binding on Grace, the Compensation Committee or our Board. However, as the vote is an expression of our stockholders' views on a significant matter, the Compensation Committee will consider the outcome of the vote when making future executive compensation decisions. We currently hold such advisory vote each year and expect to hold another advisory vote at our 2018 Annual Meeting of Stockholders.

The principal components of pay under our 2016 executive compensation program were annual base salary, annual cash incentive awards and long-term incentive awards, which consisted of stock options, performance-based units, or PBUs, and restricted stock units, or RSUs. The performance measures for the 2016 annual cash incentive awards were Adjusted Earnings Before Interest and Taxes, or Adjusted EBIT (weighted 50%), Adjusted Free Cash Flow (weighted 25%), and Adjusted Net Sales (weighted 25%). For performance-based units, which represent 50% of the value of our Long-Term Incentive Plan, or LTIP, awards, the amount of an individual payout under a performance-based unit award is based upon: an award recipient's performance-based unit target share amount; the growth in our LTIP Adjusted EPS over the three-year performance period; the Total Shareholder Return for the three-year performance period as compared to a similar figure for the Russell 1000 Index; and the value of Grace common stock on the payout date. We encourage our stockholders to read the Compensation Discussion and Analysis set forth under "Executive Compensation" which describes our 2016 compensation program in detail as well as Annex A hereto, which provides important information about Non-GAAP performance measures.

We believe that the information we have provided in this Proxy Statement shows that we have designed our executive compensation program to attract, motivate and retain a highly qualified and effective executive team and to promote long-term stockholder value, strong annual and long-term operational and financial results, and ethical conduct in accordance with the Grace Core Values. The Grace Core Values consist of a commitment to teamwork, performance, integrity, speed and innovation, which, with our overall commitment to safety, are the foundation of our corporate culture.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL ON AN ADVISORY BASIS OF THE COMPENSATION OF GRACE'S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Executive Summary

##### The Company Transformation in 2016

The 2016 fiscal year was transformative for Grace. On February 3, 2016, the Company completed the separation of the business, assets and liabilities associated with the former Grace Construction Products operating segment and the Darex packaging technologies business (collectively, "GCP") into an independent publicly-traded company (the "separation"). The separation occurred by means of a pro rata distribution to the Company's stockholders of all of the outstanding shares of GCP common stock. One share of GCP common stock was distributed for each share of Grace common stock held as of the close of business on January 27, 2016. Following the separation, Grace is a global producer of specialty chemicals and specialty materials. Grace's two reportable business segments are Grace Catalysts Technologies and Grace Materials Technologies.

In early February, 2016, Mr. La Force was promoted to President and Chief Operating Officer of the Company, while retaining, at that time, his previous position as Chief Financial Officer. Mr. La Force replaced Mr. Gregory E. Poling, the previous President and Chief Operating Officer of the Company, who joined GCP as President and Chief Executive Officer. Mr. Blaser joined the Company in 2016 and became our Chief Financial Officer in late February, 2016.

##### Key 2016 Business Performance Metrics and Effect on Compensation

For our 2016 fiscal year:

Income from continuing operations attributable to Grace was \$107.0 million, down 14% and Adjusted Earnings Before Interest and Taxes (referred to as "Adjusted EBIT") was \$400.3 million, up 16%.

Net cash flow provided by operating activities was \$267.5 million, whereas net cash used for operating activities in 2015 was \$189.8 million, and Adjusted Free Cash Flow was \$236.0 million, down 8%.

Net sales were \$1,598.6 million, down 2% and Adjusted Net Sales were \$1,598.3 million (a new measure for 2016). While we believe that these results were generally positive, as a Company we did not reach the goals that we set out to attain for the year in our 2016 operating plan. This performance resulted in only 84% of the target Annual Incentive Compensation Plan (AICP) pool being funded.

For a discussion of our non-GAAP performance measures, definitions, reconciliations, and other important information, see Annex A to this proxy statement, which includes cross-references to the Company's 2016 Annual Report on Form 10-K for GAAP and non-GAAP information. Non-GAAP performance measures include: Adjusted EBIT; Adjusted Free Cash Flow; Adjusted Net Sales; and Adjusted Earnings Per Share (referred to as "Adjusted EPS"). These non-GAAP financial measures do not purport to represent income or liquidity measures as defined under GAAP, and should not be considered as alternatives to such measures as an indicator of our performance.

##### Our Compensation Program for 2016 and Onward

During 2016, the committee made several updates to our executive compensation program, as discussed below, with a goal of improved organization-wide performance, including revenue growth, while still adhering to important base principles. We continue to look to reward strong business performance with compensation that will attract, retain and motivate a qualified management team. As indicated in this Compensation Discussion and Analysis, we believe that this pay-for-performance link is an essential component of our compensation program and one that we continued in 2016.

The principal components of compensation under our executive compensation program are annual base salary, annual cash incentive awards and long-term incentive awards, which, in 2016, consisted of performance-based units, or PBUs, restricted stock units, or RSUs, and stock options. We use this mix of fixed and variable pay components with different payout forms (cash, stock and stock options) to reward annual and sustained long-term performance. These components afford the committee the necessary flexibility to reward management for Grace performance.

The measures we use to assess our performance for purposes of determining annual cash incentive awards for executive officers are based on our annual operating plan goals and are directly tied to the pay outcomes of our executive officers. For the 2016 AICP, we used the following metrics to quantify performance:

• Adjusted EBIT (weighted 50%) — demonstrates our effectiveness at growing the Company profitably through our focus on value selling, manufacturing excellence, and operating cost productivity.

• Adjusted Free Cash Flow (weighted 25%) — reflects how well we manage our business as a whole; including net sales and profit growth and the investment required to support that growth.

• Adjusted Net Sales (weighted 25%) — emphasizes the importance of top-line growth in measuring our market segment performance and confirmation of our ability to earn the confidence and trust of our customers.

Based on our 2016 business model, operational and growth initiatives, and the implementation of the separation, we believe these measures best reflect our ability to grow our businesses profitably, and maximize operational efficiency and cash flow. They also allow us to provide meaningful incentives that are competitive in our industry, which we believe encourages our executives to drive sustained results and long-term stockholder value. Following the separation, the committee recognized the importance of strong earnings and cash generation as critical to Grace's future plans but also wished to stress the importance of top line sales growth. Accordingly, the committee added Adjusted Net Sales weighted equally with Adjusted Free Cash Flow as a performance measure.

As in prior years, the 2016 Long Term Incentive Plan (LTIP) consisted of both stock option and stock awards. During 2016, LTIP grants consisted of three components: performance-based units (50% of LTIP value), restricted stock units (25% of LTIP value) and stock options (25% of LTIP value). The performance-based units consist of a target award of shares that can be increased, decreased or forfeited based on Grace performance over a three-year performance period as compared to baseline performance during the year prior to the performance period. The performance-based units would "cliff vest" after the completion of the three-year performance period. The restricted stock units vest in three equal annual installments and will be settled within 60 days of those vesting dates. The stock options vest in three equal annual installments and have a five-year term.

Performance-based units are designed to align leadership focus with our expectations for the ongoing success of our business and for driving long-term stockholder value. Specifically, the amount of an individual payout under a performance-based unit award is based upon the:

• Individual's performance-based unit target share amount;

• Growth in our LTIP Adjusted EPS over the three-year performance period;

• Total Shareholder Return (or "TSR") for the three-year performance period as compared to a similar figure for the Russell 1000 Index; and

• Value of Grace common stock on the payout date.

The value of a restricted stock unit is equal to the value of Grace common stock, and the value of stock options is directly related to the increase in value of our stock, so both restricted stock units and stock options provide direct alignment between the interests of our executive officers and stockholders.

### Executive Compensation Program Updates We Made During 2016

During 2016, we made several changes to our executive compensation program. We made these changes to align more closely with market practice and with a goal of improved organization-wide performance, including revenue growth, consistent with our business strategy. The changes, which the committee reviewed with our compensation consultant, included:

- For the AICP, we added Adjusted Net Sales as a performance measure.

- For the performance-based units under the LTIP, we selected Adjusted EPS as the primary performance measure, subject to adjustment based upon Total Shareholder Return relative to the Russell 1000 Index, providing additional alignment with stockholder interests.

- In order to diversify our performance measures and limit our reliance on a single measure, we no longer use the Adjusted EBIT performance measure for the LTIP; we retained this measure for the AICP.

- We added non-competition and non-solicitation provisions to our severance arrangements, and updated our retirement and termination provisions in the 2016 LTIP award agreements.

- We adopted the Severance Plan for Leadership Team Officers of W. R. Grace & Co.

- We have updated our peer group to reflect the Company's post-separation industry, size and global scope, revenues, profitability, market capitalization, and market for talent.

- The committee approved "dividend equivalent" payments for holders of unvested restricted stock units and performance-based units, which are paid to holders following vesting.

In connection with our completion of the separation, we adjusted outstanding equity awards to preserve the value of the original Grace award, and adjusted performance conditions in our 2014-2016 performance-based units to reflect actual Grace performance up through December 31, 2015 and target performance through December 31, 2016.

### Highlights of Our Compensation Program

The following are some of the key elements of our Executive Compensation Program.

Direct Pay-for-Performance Linkage	Annual Say on Pay Vote
Appropriate Mix of Compensation; with a significant portion of Compensation At-Risk	Discontinued Individual Severance Agreements
Careful Alignment with Stockholder Interests	Robust Stock Ownership Guidelines In Place
Compensation Plan Structure Mitigates Risk	No Option Repricing without Stockholder Approval
Very Limited Executive Personal Benefits; No Tax Gross-ups, except for relocations	Executive Hedging and Pledging Prohibitions



### Our 2016 Business Performance

In addition to completion of the separation, Grace achieved the following in 2016 (with 2015 results adjusted for the effects of the separation):

Income from continuing operations attributable to Grace was \$107.0 million, down 14% and Adjusted EBIT (an AICP performance metric) was \$400.3 million, up 16%.

Diluted EPS from continuing operations of \$1.52 were down 11% and Adjusted Earnings Per Share (an LTIP performance metric) was \$3.10, compared with \$2.18 in the prior year, up 42%.

Net cash flow provided by operating activities was \$267.5 million, whereas net cash used for operating activities in 2015 was \$189.8 million, and Adjusted Free Cash Flow (an AICP performance metric) was \$236.0 million, down 8%.

Net sales were \$1,598.6 million, down 2% and Adjusted Net Sales (a new AICP performance metric for 2016) were \$1,598.3 million.

Initiated a Quarterly Cash Dividend, paying \$36.0 million to Grace stockholders during 2016.

Repurchased \$195.1 million of Grace common stock under its \$500 million share repurchase program.

### Alignment between Pay and Performance

The committee believes that the Company's executive compensation program provides a strong linkage between pay and performance and is well-aligned with stockholder interests. Our measures of performance under our AICP and LTIP — earnings, cash flow, sales, EPS, and TSR — are accepted measures of financial success by the investment community and also are used by our peer companies in various forms. The committee sets targets for these measures based on the macroeconomic environment, competitive dynamics, and factors unique to the Company. These targets, if attained, are designed to represent excellent performance by the Company. If targets are achieved or exceeded, the committee believes executives generally should be rewarded with higher payouts of awards, and if targets are not met, executives generally should receive lower or no awards. In recent years, we have failed to meet our targets under the AICP and performance-based unit programs; as a result, payouts have been significantly below target levels.

The committee also considered the Company's historic stock price performance in assessing the alignment between pay and performance. The committee noted that, while TSR in 2012 and 2013 significantly outpaced our peer group and market indices, TSR declined over the 2014 — 2016 period. As a result of the decline in TSR performance, none of the annual stock option grants to our executive officers in 2014, 2015, and 2016 had any realizable value as of December 31, 2016, further evidencing the alignment between pay and performance. During this period, the Company and its stock price were

affected by two transformative events — emergence from bankruptcy in 2014 and the separation in 2016 — which increased stock price volatility and speculation, and turnover in the Company's stockholder base.\* However, the committee believes that during this period management positioned the Company well for future value creation by refocusing its business portfolio, expanding margins, and growing Adjusted EBIT as part of its strategy to generate long-term growth and increase stockholder value.

The committee believes that the relative stock prices of GCP and the Company had normalized by the end of 2016.

During the period from the market close on February 4, 2016, the first trading date after the separation, to December \*31, 2016, Grace's stock price declined (0.46%) from \$67.95 to \$67.64 per share, while GCP's stock price increased 58.28% from \$16.90 to \$26.75 per share. Therefore, Grace stockholders who held the GCP shares issued to them during the separation participated in this appreciation.

#### Our CEO Pay At-A-Glance

Mr. Festa's total direct compensation (total compensation less pension changes and other annual compensation) for 2016 was \$6,452,953 an increase of 2.2% compared with the prior year. The chart below shows the components of pay awarded in 2016 compared with the prior year. For more details about the structure of Mr. Festa's compensation, see "—Compensation Tables—Summary Compensation Table."

Compensation Element	2016 (\$)	2015 (\$)	Percentage
			Increase (Decrease) (%)
Base Salary	975,000	975,000	—
Annual Cash Incentive	1,023,750	1,084,688	(5.6 )
Fair Market Value of Stock Option Grant	1,141,283	2,131,941	(46.5 )
Fair Market Value of PBU Grant	2,124,966	—	N/A
Fair Market Value of RSU Grant	1,187,954	2,124,975	(44.1 )
Total Direct Compensation	6,452,953	6,316,604	2.2

#### Our Executive Compensation Philosophy and Objectives

##### Key Objectives

The key objectives of the Grace executive compensation program for executive officers are to incentivize and motivate our executive officers to improve our performance and increase stockholder value; and to enable us to compete effectively with other firms in attracting, motivating and retaining executives. The incentive compensation portion of the program is designed to align closely the financial interests of our executive officers with those of our stockholders. Because executive officers have a substantial ability to influence business success, we believe that the portion of compensation that is at-risk based on organization-wide performance should increase as the level of responsibility increases. Further linking the alignment of interests with the portion of compensation awards that is at-risk, we have added Adjusted Net Sales as an AICP performance measure and Total Shareholder Return as an adjustment factor for the LTIP. We also expect the executive compensation program to be consistent with a culture of ethical conduct, personal integrity and compliance with both our policies and applicable law. We require executive officers to set an example for our employees and our other business associates in emphasizing the Grace Core Values in their daily business conduct. The Grace Core Values consist of a commitment to teamwork, performance, integrity, speed and innovation, which, with our overall commitment to safety, are the foundation of our corporate culture.

##### Stock Ownership Guidelines

Our Board has implemented stock ownership guidelines that are designed to align the long-term financial interests of our directors and executive officers with the long-term interests of our stockholders. The guidelines are set forth under "Proposal One—Election of Directors—Corporate Governance—Stock Ownership Guidelines."

## Annual Say-On-Pay Vote Results

At our annual meeting in May 2016, 98% of the stockholder votes cast supported our executive compensation program in an advisory "say-on-pay" vote. Based on its review and consideration of the 2016 stockholder advisory vote, the committee believes these results indicate strong support for our compensation policies and confirm the importance of our maintaining a strong link between pay and performance in our compensation philosophy and market-best practices. The committee welcomes the continued input of stockholders by means of the annual advisory "say-on-pay" vote and the Company remains committed to stockholder engagement.

## How We Set Compensation — Elements and Target Mix

Our Board of Directors has delegated authority for approving and administering the compensation program for executive officers (including the "named executive officers" included in the Summary Compensation Table set forth under "—Compensation Tables") to the committee. Our Board has appointed all of the independent members of our Board to serve as members of the committee.

## Elements of Compensation

The following table outlines the major elements of compensation in 2016 for the named executive officers:

Compensation Element	Definition	Rationale
Base Salary	Fixed cash compensation paid monthly	Payment for completion of day-to-day responsibilities
Annual Incentive Compensation Plan	Variable cash compensation earned by annual personal performance and achievement of pre-established annual corporate financial performance goals	Builds accountability for achieving annual financial and business results and personal performance goals
Long-Term Incentive Compensation Plan (Stock Options)	Equity compensation with staggered vesting that increases in value with increases in stock price; value is equivalent to 25% of executive officer's long-term incentive	Builds accountability for sustained financial results; Aligns long-term interests of executive officers and stockholders; Encourages executive retention
Long-Term Incentive Compensation Plan (Performance-Based Units)	Equity compensation subject to performance-based vesting criteria over a three-year period; value is equivalent to 50% of executive officer's long-term incentive	Builds accountability for sustained financial results; Aligns long-term interests of executive officers and stockholders; Encourages executive retention
Long-Term Incentive Compensation Plan (Restricted Stock Units)	Equity compensation with staggered vesting that increases in value with increases in stock price; value is equivalent to 25% of executive officer's long-term incentive	Builds accountability for sustained financial results; Aligns long-term interests of executive officers and stockholders; Encourages executive retention
U.S. Defined Contribution Retirement Plans	Savings and Investment Plan (401(k))-Standard tax-qualified defined contribution retirement benefit subject to limitations on compensation and benefits under the U.S. Tax Code	Provides U.S. employees with opportunity to save for retirement on tax-advantaged basis with matched contributions from Grace
	Savings and Investment Plan Replacement Payment Plan (nonqualified)	Provides certain highly-paid U.S. employees with the opportunity for the same level of Grace match as other participants in the Savings and Investment Plan notwithstanding U.S. Tax Code limitations
U.S. Defined Benefit Retirement Plans	Pension Plan - Standard tax-qualified pension plan subject to limitations on	Provides U.S. employees with retirement income

compensation and benefits under the U.S.  
Tax Code

Supplemental Executive Retirement Plan  
(nonqualified)

Provides certain highly-paid U.S.  
employees with the same benefit formula as  
other participants in the Pension Plan  
notwithstanding U.S. Tax Code limitations

#### Target Compensation Mix

As determined by the committee, and informed by market practices, our compensation mix at target (shown below for both our CEO and, collectively, for the other named executive officers) is largely incentive-based. The charts below include annualized 2016 base salary, target AICP, and grant date fair values for the LTIPs granted in 2016. LTIP amounts exclude the new hire grants to Mr. Blaser, discussed below. See "Compensation Tables—Grants of Plan Based Awards in 2016." The charts below illustrate how the mix of target total direct compensation for our named executive officers emphasizes incentive compensation, with a significant focus on long-term incentives tied to our long-term performance.

#### Compensation Benchmarking

In order to gauge market compensation levels and practices, the committee has retained the services of Willis Towers Watson, an independent risk management and human resources consulting firm. Periodically, the committee consults with Willis Towers Watson for an assessment of our executive officer compensation relative to the competitive market.

In connection with the separation discussed above, Willis Towers Watson carried out an in-depth review and analysis of both our overall executive compensation plan design and our potential peer companies. The committee selected the peer companies as our compensation peer group based upon their industry (those being chemicals, materials and specialty chemicals), size and global scope, revenues, profitability, market capitalization, market for talent, and the availability of public information regarding their compensation practices. The committee relies upon the compensation data gathered from the peer group as well as published broad industry survey data, reflecting the chemicals and general manufacturing industries, to represent the competitive market for executive talent for our executive officers and does not focus on any specific data or benchmark for guidance when making pay decisions. The committee reviews the composition of our compensation peer group regularly to ensure that it remains suitable and appropriate.

Peer Group

Albemarle Corp.	International Flavors & Fragrances Inc.
Ashland Global Holdings Inc.	Minerals Technologies Inc.
Cabot Corp.	NewMarket Corporation
Celanese Corporation	Olin Corporation
Ferro Corporation	Platform Specialty Products Corporation
FMC Corp.	RPM International Inc.
HB Fuller Co.	A. Schulman Inc.
GCP Applied Technologies Inc.	Sensient Technologies Corporation
Hexcel Corp.	Valspar Corp.

When reviewing the appropriateness of including companies in our peer group based on revenues, we take into account the revenues of Advanced Refining Technologies, our joint venture with Chevron Products Company, a division of Chevron U.S.A. Inc. (ART). Net sales of ART, an unconsolidated affiliate in which we have a 50% interest, were \$388.9 million during 2016.

Contributions of the Committee, CEO and Consultant in our Executive Compensation Process

Role of the Compensation Committee

Pursuant to a delegation from our Board of Directors, the committee is responsible for reviewing and approving the compensation of all executive officers, including:

- base salary;
- annual incentive compensation;
- long-term incentive compensation;
- employment agreements;
- severance arrangements;
- change-in-control agreements; and
- any special or supplemental benefits not generally available to salaried employees.

The committee reviews and approves all corporate goals and objectives used in determining the incentive compensation of each executive officer. The committee also oversees the development of succession plans for the CEO and the other named executive officers. The committee receives advice and legal and administrative assistance from our human resources department and legal services group in meeting its responsibilities.

The committee reviews the distribution of peer group pay practices and broad industry data and determines the appropriate positioning of each executive officer's compensation based on several factors including:

- the executive officer's role and level of responsibility;
- the need to attract, motivate and retain world-class leadership;
- the economic and business environment in which Grace operates;
- the importance of the executive officer to Grace's objectives and strategy;
- internal comparisons of pay and roles within the executive officer group;
- legal and governance requirements and standards related to executive compensation, including internal pay equity with other salaried employees; and
- with respect to executive officers other than the CEO, the CEO's recommendation of appropriate compensation levels.

The committee conducts an annual evaluation of each executive officer's leadership ability, business experience, technical skill and potential to contribute to Grace's overall performance. In

addition, since the number of executive officers is small, the committee is able to spend considerable time with each executive officer outside committee meetings, so the committee members are able to develop strong personal views of each executive officer's performance and potential. The committee also reviews each executive officer's existing compensation. This information, presented in the form of a "tally sheet," reflects all compensation payable or potentially payable to each executive officer under our compensation program. For each executive officer, the committee reviews the tally sheet, the peer group information, and broad industry data to provide context to the compensation decision. The committee then reviews the recommendation of the CEO, as discussed below, solely with respect to the other executive officers, and makes the compensation determination based on its individual evaluation of each executive officer.

The committee's process for determining the compensation of the CEO is similar to the process it applies to other executive officers. The committee reviews and approves corporate goals and objectives used in determining the compensation of the CEO. The committee evaluates the CEO's performance in light of those goals and objectives as well as market data, and has sole authority to determine the CEO's compensation based on this evaluation. The CEO plays no part in the committee's deliberations concerning, or approval of, his own compensation. The committee believes the CEO's compensation should be higher than the compensation of other executive officers because the CEO is uniquely positioned to influence all aspects of our operations and performance and the resulting return to our stockholders. In addition, the committee believes that a competitive compensation package that aligns the interests of the CEO with Grace's stockholders is the most effective way to incentivize the CEO and maximize company performance. The committee's view is consistent with the practices of the compensation peer group companies and the broad industry data that it has reviewed.

#### Role of the Chief Executive Officer

The CEO proposes compensation levels for the other executive officers. The CEO's recommendations for the other executive officers are based on his personal review of the factors considered by the committee as described above. Although the CEO's recommendations are given significant weight, the committee retains full discretion when determining executive officer compensation. Although not a member of the committee, the CEO attends committee meetings and participates in committee deliberations regarding compensation levels for the other executive officers. The CEO is excused from deliberations regarding his own compensation and from the "executive session" portion of each meeting when the committee meets alone or alone with its outside advisors. The CEO is also excused when the committee meets separately with internal advisors from our human resources group.

#### Role of the Compensation Consultant

In order to add rigor in the process of setting executive officer compensation and to inform the committee of market trends, the committee has engaged the services of Willis Towers Watson to analyze our executive compensation structure and plan designs, and to assess whether our compensation program is competitive and supports the committee's goal to align the interests of our executive team with the interests of our stockholders.

Specific services provided by Willis Towers Watson in 2016 included:

- participation in selected committee meetings;
- review of our pay-for-performance alignment;
- conduct of an assessment of potential risk factors associated with the design and administration of the Company's executive compensation program;
- recommendation of companies to be included in the compensation peer group;
- preparation of market compensation data for executives and outside directors;
- review of CEO's compensation recommendations for the other named executive officers;
- presentation of the recommendations for the CEO's compensation to the committee;
- assessment of the share usage under our long-term incentive plan versus the peer group;

advice on incentive compensation plan design;  
 advice on current market trends and practices;  
 advice on executive and director compensation decisions related to the separation; and  
 review of compensation disclosure.

We expect Willis Towers Watson and our executive officers, including our CEO, Chief Human Resources Officer and our General Counsel, and their respective subordinates, to meet, exchange information and otherwise cooperate in the performance of their respective duties outside committee meetings.

During 2016, the Company paid fees to Willis Towers Watson for services rendered in respect of executive officer and director compensation in the amount of \$216,178. In addition, management engaged Willis Towers Watson to provide additional services to the Company in an amount equal to \$348,861 during 2016. These services included corporate risk and broking, and data, surveys and technology. The Company utilized the services of Willis Group Holdings for global broking prior to its merger with Towers Watson to form Willis Towers Watson in 2016.

The committee has the sole authority to approve the independent compensation consultant's fees and terms of the engagement. The committee annually reviews its relationship with Willis Towers Watson to ensure independence. The process includes a review of the services Willis Towers Watson provides, the quality of those services, and fees associated with the services during 2016 as well as consideration of the factors impacting independence that the NYSE rules require. In its review, the committee noted no conflicts of interest related to the work of Willis Towers Watson and has determined the consultant to be independent.

#### Application of the Compensation Program for 2016 — Elements, Targets and Results

##### Base Salary

The committee generally reviews base salaries for executive officers annually, but also when roles change significantly. The committee takes into account individual performance, achievement of individual strategic objectives, changes in the breadth or scope of responsibilities, and its review of competitive compensation information described above. In 2016, the committee maintained base salaries for the named executive officers continuing in their positions at the 2015 level, as set forth in the following table. In connection with his promotion to President and Chief Operating Officer, Mr. La Force received an increase in base salary in 2016. Mr. Blaser joined the Company in 2016 and was elected Senior Vice President and Chief Financial Officer.

Named Executive Officer	Base Salary Rate as of 12/31/2016 (\$)	Base Salary Rate as of 12/31/2015 (\$)	Percentage Increase in Base Salary Rate (%)
A. E. Festa	975,000	975,000	—
T. E. Blaser (1)	450,000	—	—
H. La Force III (2)	600,000	500,000	20.0
M. A. Shelnitz	425,000	425,000	—
E. C. Brown	375,000	375,000	—

(1) Mr. Blaser joined Grace in 2016.

(2) Mr. La Force received an increase in salary in 2016 in connection with his promotion to his new role as President and Chief Operating Officer.



### Annual Incentive Compensation

The AICP is a cash-based, pay-for-performance incentive plan. Its purpose is to motivate and reward upper- and middle-level employees, including executive officers, for their contributions to our performance. The amount of an individual incentive award payment under the AICP is based upon:

- the individual's AICP target amount;
- the funding of the AICP incentive pool based on our performance; and
- the individual's personal performance.

The committee established 2016 AICP targets in February 2016, based on the performance targets in our 2016 annual operating plan and after considering the effects of the separation and the general economic environment in which we expected to be operating during the year.

In 2016, the committee emphasized earnings, cash generation and revenue performance in setting the annual incentive compensation plan goals. Consistent with 2015, earnings remained weighted for half of the plan, reflecting an emphasis on margins and controlling costs. The committee viewed strong cash performance as critical to our strategic direction in 2016 and a key component in our future plans and consequently weighted cash generation at 25% for 2016. The committee also gave sales equal weight at 25% for 2016 to stress the importance of revenue growth.

For earnings, the committee continued with "Adjusted EBIT."

For cash generation, the committee used the "Adjusted Free Cash Flow" measure.

For revenue growth, the committee used "Adjusted Net Sales."

Adjusted EBIT demonstrates our effectiveness at growing the Company profitably through our focus on value selling, manufacturing excellence, and operating cost productivity. Adjusted Free Cash Flow reflects how well we manage our business as a whole; including net sales and profit growth and the investment required to support that growth.

Adjusted Net Sales emphasizes the importance of top-line growth in measuring our market segment performance and confirmation of our ability to earn the confidence and trust of our customers.

In setting the actual amount of the AICP incentive pool, the committee has discretion to adjust the performance objectives, adjust the calculation of each performance measure or adjust the size of the AICP incentive pool irrespective of the achievement of performance objectives.

The AICP targets for our named executive officers remained the same as in 2015, other than for Mr. La Force, who was promoted to President, Chief Operating Officer and Chief Financial Officer of the Company in early February, 2016, and Mr. Blaser, who joined the Company in 2016 and became our Chief Financial Officer in late February, 2016.

Named Executive Officer	AICP Target as Percentage of Base Salary in 2016		AICP Target as Percentage of Base Salary in 2015	
A. E. Festa	125	%	125	%
T. E. Blaser	70	%	n/a	(1)
H. La Force III	84.5	%	(2)80	%
M. A. Shelnitz	70	%	70	%
E. C. Brown	70	%	70	%

(1) Mr. Blaser joined Grace in 2016.

(2) Reflects Mr. La Force's 2016 blended AICP target. Effective February 2016, Mr. La Force's AICP target increased from 80% to 85% of his base salary.

Actual awards for executive officers may range from \$0 to an amount equal to 200% of the target amount, based on the factors described above.

The target AICP incentive pool is the sum of the target awards of all participants in the AICP. For 2016, 50% of the available AICP incentive pool was established based on our performance in respect of Adjusted EBIT, 25% on performance in respect of Adjusted Free Cash Flow, and 25% on performance in respect of Adjusted Net Sales, which aligns the funded amount of our AICP incentive pool with our actual performance. We refer to the relevant targets as the "Adjusted EBIT Target," the "Cash Target" and the "Sales Target," respectively.

2016 AICP Performance Targets (For results in these three AICP target categories, see below.)

The amount of the AICP incentive pool is the sum of the amounts funded in the Adjusted EBIT Pool, Adjusted Free Cash Flow Pool and the Adjusted Net Sales Pool. The funding of each pool is determined independently by reference to the Adjusted EBIT Target, Cash Target and Sales Target set forth in the Grace annual operating plan for the one-year performance period as follows:

2016 AICP Performance Target—Adjusted EBIT

Percentage Funded in Adjusted EBIT Pool*	Grace Performance as a Percentage of Adjusted EBIT Target	Grace Adjusted EBIT Target
(%)	(%)	(in millions \$)
200	120 or above	491 or above
150	110	450
100	100	410
75	93	379
50	85	348
—	Below 85	Below 348

\* Actual amount funded to the Adjusted EBIT Pool is prorated on a straight line basis for performance that falls between the performance targets set forth in the table.

2016 AICP Performance Target—Adjusted Free Cash Flow

Percentage Funded in Cash Pool	Grace Performance as a Percentage of Cash Target	Grace Cash Target
(%)*	(%)	(in millions \$)
200	120 or above	300 or above
150	110	275
100	100	250
75	93	231
50	85	213
—	Below 85	Below 213

\* Actual amount funded to the Cash Pool is prorated on a straight line basis for performance that falls between the performance targets set forth in the table.

## 2016 AICP Performance Target—Adjusted Net Sales

Percentage Funded in Sales Pool (%) <sup>*</sup>	Grace Performance as a Percentage of Sales Target (%)	Grace Sales Target (in millions \$)
200	115	1,946
150	108	1,819
100	100	1,693
75	95	1,608
50	90	1,523
—	Below 90	Below 1,523

\* Actual amount funded to the Sales Pool is prorated on a straight line basis for performance that falls between the performance targets set forth in the table.

## 2016 AICP Results in Performance Target Categories

Grace's 2016 AICP results for the one-year performance period were as follows:

	(in millions \$)
2016 AICP Adjusted EBIT (50% of Available Incentive Pool)	400.3
2016 AICP Adjusted Free Cash Flow (25% of Available Incentive Pool)	236.0
2016 AICP Adjusted Net Sales (25% of Available Incentive Pool)	1,598.3
2016 AICP Funding	

Our 2016 AICP Adjusted EBIT, Adjusted Free Cash Flow, and Adjusted Net Sales were below our 2016 annual operating plan. This performance resulted in 84% of the target AICP pool being funded, as shown the following table:

2016 AICP Adjusted EBIT (in millions)	\$400.3	
Interpolated Portion of 50% of AICP Incentive Pool funded in respect of Adjusted EBIT Target	92	%
2016 AICP Adjusted Free Cash Flow (in millions)	\$236.0	
Interpolated Portion of 25% of AICP Incentive Pool funded in respect of Adjusted Free Cash Flow Target	81	%
2016 AICP Adjusted Net Sales (in millions)	\$1,598.3	
Interpolated Portion of 25% of AICP Incentive Pool funded in respect of Net Sales Target	72	%
Total Portion of Target AICP Incentive Pool funded	84	%

## Executive Officer Annual Incentive Compensation Plan (EAICP)—Funding of Payments

The Executive Officer Annual Incentive Compensation Plan, or EAICP, applicable to all executive officers, provides for performance-based incentives designed to meet the requirements for tax deductibility under Section 162(m) of the U.S. Tax Code. AICP payments to executive officers are funded from the EAICP incentive pool. The EAICP incentive pool is funded at 200% of the aggregate of the executive officers' AICP target awards if Grace meets the performance targets that the committee establishes for a specified year. In setting the actual amount of executive officers' AICP awards, the committee has the discretion to reduce, but not increase, the amount of the EAICP incentive pool and the amounts, based on the EAICP incentive pool, of individual AICP payments to executive officers. For 2016, the EAICP performance target was \$150 million in Adjusted Free Cash Flow. Since actual Grace performance in respect of the Adjusted Free Cash Flow performance target was \$236.0 million, the

EAICP incentive pool was fully funded. The committee exercised its discretion to reduce actual awards to the named executive officers to the amounts reflected in the table below.

2016 AICP payments to the named executive officers are as set forth below:

Name	Actual AICP Payment (84% of Target) (\$)
A. E. Festa	1,023,750
T. E. Blaser	235,500
H. La Force III	420,000
M. A. Shelnitz	249,900
E. C. Brown	220,500

#### Long-Term Incentive Compensation

Our Long-Term Incentive Plans, or LTIPs, are designed to motivate and reward our key employees, including our named executive officers, for their contributions to our performance over a multi-year period, align their financial interests with those of our stockholders, and guide their behavior accordingly by making a significant portion of their total compensation variable and dependent upon our sustained financial performance. We seek long-term operational excellence, quality of earnings and stockholder value creation. The target value of the LTIP award for each LTIP participant, with the exception of the CEO, was determined by the committee based on the recommendation of the CEO. The target value of the CEO's LTIP award was determined by the committee. These target award values were determined by reviewing current market compensation data (as discussed earlier in this report), historical long-term incentive target values, the level of dilution represented by outstanding equity awards and internal pay equity considerations. The LTIP award values for Mr. Shelnitz and Ms. Brown also reflected their leadership in the successful completion of the separation. For a discussion of the effects of the separation on the outstanding LTIP awards held by Grace executive officers, see "—Treatment of Equity-Based Compensation in the Separation."

LTIP grants for 2016 consisted of three components:

- Performance-Based Units (50%);
- Restricted Stock Units (25%); and
- Stock Options (25%).

#### 2016-2018 Performance-Based Units (50% of 2016 LTIP Value)

Performance-based units, or PBUs, represent 50% of the value of our 2016 LTIP awards. The performance-based units are share-denominated and the actual number of shares earned by a named executive officer can vary based on the achievement of specified business performance objectives. The value of the performance-based units also varies based on the value of our stock and the amount of dividends paid on that stock. Accordingly, performance-based units align leadership focus with our expectations for the ongoing success of our business and for increasing long-term stockholder value. Specifically, the amount of an individual payout under a performance-based unit award is based upon:

- the individual's performance-based unit target share amount;
- the growth in our LTIP Adjusted EPS over the three-year performance period;
- the Total Shareholder Return for the three-year performance period as compared to the Russell 1000; and
- the value of Grace common stock on the payout date.

Payouts to executive officers who are subject to our stock ownership guidelines, including the named executive officers, are payable in shares of Grace common stock. Payouts to other participants are payable in cash. Performance-based units "cliff vest" after a three-year performance period.

#### LTIP Adjusted EPS

The committee selected Adjusted EPS as the primary performance measure for the performance-based units, reflecting our focus on long-term operational excellence and quality of earnings. In determining cumulative LTIP Adjusted EPS growth, Adjusted EPS for the performance period may be adjusted in the discretion of the committee to eliminate the effect of changes in accounting, like our adoption of mark-to-market pension accounting, or significant changes in our business, like a significant acquisition or divestment. The Adjusted EPS targets are based on a pro-forma Adjusted EPS of \$2.91 for Grace as a stand-alone entity on December 31, 2015. In order to earn 100% of the target share amount, our cumulative annual LTIP Adjusted EPS growth from the 2015 baseline performance to 2018 actual performance must reach \$3.48 (approximately 120% of the \$2.91 baseline amount), as reflected in the following table: 2016 LTIP Performance Target—Adjusted EPS

Percentage of PBU Award Funded per Adjusted EPS Performance (%)*	Grace Performance as a Percentage of Adjusted EPS Target (%)	Grace Adjusted EPS Target (\$)
200	120	4.18
150	110	3.83
100	100	3.48
83	95	3.31
67	90	3.13
50	85	2.96
—	Below 85	Below 2.96

\* Actual amount funded per Adjusted EPS Performance is prorated on a straight line basis for performance that falls between the performance targets set forth in the table. Figures in the table may be rounded.

#### 2016 LTIP Performance Targets—Total Shareholder Return

The committee has selected Total Shareholder Return as the second performance measure for performance-based unit awards, which provides enhanced alignment with actual stockholder value creation. Total Shareholder Return is calculated as: (a) the sum of (i) the Grace common stock price at the end of the performance period multiplied by the number of shares outstanding as of such date, less the Grace common stock price at the beginning of the performance period multiplied by the number of shares outstanding as of such date, plus (ii) the aggregate dividends paid on and assumed reinvested in the Grace common stock during the performance period, divided by (b) the price of the Grace common stock at the beginning of the performance period multiplied by the number of shares outstanding as of such date. The number of performance-based unit shares to be paid out based upon EPS targets as shown in the above table, is subject to adjustment, up or down, by a factor of 25% if relative Total Shareholder Return for the three-year period 2016-2018 is above the 75th percentile or below the 25th percentile of the Russell 1000 Index, respectively, subject to a maximum funding percentage of 200. The committee chose the Russell 1000 Index as it is a broad representation of similarly-sized companies, including a majority of the Company's peers.

Grace TSR relative to Russell 1000 TSR	Adjustment to PBU Award as calculated based upon EPS Target
Above 75th Percentile	Increase of 25% of PBU Award
Between 25th and 75th Percentile	No Adjustment to PBU Award
Below 25th Percentile	Decrease of 25% of PBU Award

#### Restricted Stock Units (25% of LTIP Value)

Restricted stock units represent 25% of the value of our 2016 LTIP awards. The value of a restricted stock unit is directly related to the value of Grace common stock, so restricted stock units provide direct alignment between the interests of our executive officers and stockholders. Restricted stock units granted in 2016 vest in three equal installments beginning on the anniversary of the grant date, generally subject to continued employment of the holder of the restricted stock units. Payouts to executive officers who are subject to the stock ownership guidelines, including the named executive officers, are payable in shares of common stock. Payouts to other participants are payable in cash.

#### Stock Options (25% of LTIP Value)

Stock options represent 25% of the value of our 2016 LTIP awards. The value of stock options is directly related to the increase in value of our stock, so stock options provide direct alignment between the interests of our executive officers and stockholders. In determining the value of stock option awards, the committee uses an analysis of stock option value based on an adjusted Black-Scholes option pricing model and reviews this analysis with Willis Towers Watson. The committee approved the stock option grants included in the 2016 LTIP on February 25, 2016. The exercise price of the stock options was \$68.47, which was the average of the high and low trading prices of Grace common stock on the NYSE on February 25, 2016. The term of the stock options is five years and they vest over three years in equal annual installments, generally subject to the continued employment of the holder of the stock options.

#### Effect of Dividends on LTIP Awards

In January of 2016, Grace announced that it would commence paying a regular quarterly cash dividend per share of common stock. The Company paid the first such dividend in June. Following common market practice, the committee approved "dividend equivalent" payments for holders of unvested restricted stock units and performance-based units (which would be paid to holders only following unit vesting). Unvested performance-based units and restricted stock units are "stock equivalents" and not actual stock, so holders accrue corresponding dividend equivalents. Dividend equivalents will accrue, quarter by quarter, throughout the vesting period on all unvested performance-based units and restricted stock units. Those who hold performance-based units will accrue dividend equivalents at a target level for any outstanding performance-based units. These dividend equivalents will then be adjusted for actual company performance (financial results) at the end of the performance period to correspond with the number of performance-based units earned. In the event an employee leaves the Company before dividend equivalents are paid - for retirement, disability, or voluntary/involuntary termination - proration rules would apply to the dividend equivalents and any resulting unvested dividends would be forfeited. Consistent with common market practice, dividend equivalents will not be provided for stock option awards regardless of whether they are vested or unvested.

#### Special Equity Awards to Mr. Blaser

In connection with the commencement of his employment with Grace as Senior Vice President, Finance (in anticipation of his election as Senior Vice President and Chief Financial Officer), Mr. Blaser was awarded a new hire grant of 7,656 restricted stock units of Grace common stock and a new hire stock option grant of 21,819 options of Grace common stock at an exercise price of \$65.31. The restricted stock units will "cliff vest" on the third anniversary of the date of the grant (and be settled in Grace common stock), generally subject to the continued employment of Mr. Blaser. The actual number of restricted stock units granted to Mr. Blaser was calculated as follows: the appropriate dollar value of the restricted stock unit award divided by the market price of a share of Grace's common stock on the date of grant. The stock options vest in one-third increments beginning on the first anniversary of the date of the grant. In order to determine the number of stock options awarded to Mr. Blaser, the Company's standard "Black-Scholes" formula was applied.

#### Amendments to the LTIP Award Agreements

Following a benchmarking review during 2016 we included new provisions in the 2016 LTIP award agreements, as follows:

- Provisions restricting competition with Grace or solicitation of Grace customers and employees that apply for two years following cessation of an executive officer's employment with the Company.

- Provisions providing that for executive officers who leave the Company due to early retirement, all components of the equity awards (performance-based units, restricted stock units, and stock options) vest on a pro-rata basis, based on the number of completed months of service from the grant date through the retirement date.

Provisions providing that for executive officers who leave the Company due to regular retirement: (i) stock options will continue to vest if retirement is at least one year after the grant date, or on a pro-rata basis, based on completed months of service, if less than one year after the grant date; (ii) performance-based units will vest pro-rata, based on completed months of service from the beginning of the performance period through retirement; and (iii) restricted stock units will vest pro-rata, based on completed months of service from the grant through retirement.

Provisions providing that a mandatory "withhold to cover" process shall apply (to satisfy income tax withholding requirements and any potential securities law issues), with respect to all performance-based units and/or restricted stock units settled in Grace common stock.

These changes protect the interests of the Company and also harmonize the pro-rata treatment for all components of equity awards, thereby simplifying the administrative burden to Grace.

#### Other Components and Features of our Executive Compensation Program

##### Pension Plan/Supplemental Executive Retirement Plan

As described below under the caption "—Compensation Tables—Pension Benefits," payments under our tax-qualified pension plan are calculated using annual compensation, including base salary and AICP awards, and years of credited Grace service. The committee has also implemented a Supplemental Executive Retirement Plan, generally referred to as a SERP, that currently applies to approximately 56 upper level employees, including the executive officers, whose annual compensation exceeds the amount that can be taken into account for purposes of calculating benefits under tax-qualified pension plans. Under this plan, each such employee will receive the full pension to which that employee would be entitled in the absence of the limitations described above and other limitations imposed under federal income tax law. The SERP is unfunded and is not qualified for tax purposes.

##### Savings and Investment Plan/Replacement Payment Plan

We generally offer a tax-qualified 401(k)-type Savings and Investment Plan, or S&I Plan, to employees under which they may save a portion of their annual compensation in investment accounts on a pre- or post-tax basis. During 2016, we matched 100% of employee savings under the S&I Plan up to 6% of the employee's base salary and annual incentive compensation. The committee believes that a 401(k)-type plan with a meaningful company match is an effective recruiting and retention tool for our employees, including our executive officers. The committee has also implemented an S&I Plan Replacement Payment Plan that currently applies to approximately 50 upper level employees, including the executive officers, whose annual compensation exceeds the amount that can be taken into account for purposes of calculating benefits under tax-qualified savings plans. Under this plan, each such employee will receive the full matching payments to which that employee would be entitled in the absence of the limitations described above and other limitations imposed under federal income tax law.

#### Executive Personal Benefits

The committee believes that executive personal benefits should be limited. Executive officers are eligible to participate in an executive physical examination program that offers executives an annual comprehensive physical examination. Mr. Festa has access to corporate aircraft for reasonable personal travel, though he is responsible for paying income taxes on the value of such travel as determined by the Internal Revenue Service. In connection with joining Grace, Mr. Blaser and Ms. Brown received certain benefits related to relocation, at Grace's request, to Maryland.

#### Change-In-Control Severance Agreements

As described below under the caption "—Compensation Tables—Termination and Change-in- Control Arrangements," we have entered into change-in-control severance agreements with each of the named executive officers. The provisions in these agreements are based on competitive practice and are designed to ensure that the executive officers' interests remain aligned with the interests of our stockholders if a potential change in control occurs. Payments under these agreements are triggered by the involuntary termination of the executive officer's employment without cause (including constructive termination caused by a material reduction in his or her authority or responsibility or by certain other circumstances) following a "change in control." A change in control situation often undermines an executive officer's job security, and it is to our benefit and our stockholders' benefit to encourage our executive officers to seek out beneficial transactions and to remain employed through the closing of any transaction, even though their future employment at Grace may be uncertain. The change-in-control severance agreements are designed to reinforce and encourage the continued attention and dedication of the executive officers to their assigned duties without distraction in the face of potentially adverse circumstances arising from the possibility of a change in control of Grace. Certain terms of these agreements are described below under the caption "—Compensation Tables—Potential Payments Upon Termination or Change-In-Control."

#### Severance Arrangements

In connection with the separation, on February 3, 2016, Grace adopted the Severance Plan for Leadership Team Officers of W. R. Grace & Co. (the "Executive Severance Plan"), which provides that, if the employment of an executive officer is terminated without cause without a change in control, he or she will be entitled to cash severance equal to the sum of his or her base salary and target bonus (two times the sum, in the case of the CEO). The Executive Severance Plan also provides that, upon a termination without cause not due to a change in control, an executive officer will be entitled to a prorated annual bonus for the year of termination if he or she has completed at least three months of employment in the applicable year. Payments under the Executive Severance Plan are contingent upon the executive officer's execution and non-revocation of a release of claims and non-compete and non-solicitation of employees covenants, in favor of Grace. The Executive Severance Plan replaces, and each executive officer has waived all rights under, all individual agreements or arrangements that provided for cash severance to an executive officer if the employment of such executive officer is terminated without cause not due to a change in control. Our severance arrangements are designed to encourage and reinforce the continued attention and dedication of our executive officers to their assigned duties without undue concern regarding their job security. The Executive Severance Plan meets these goals and in addition, equalizes the severance arrangements for all of the named executive officers, with the exception noted for the CEO. Also, in connection with the separation, we have agreed that, in the event of the involuntary termination by Grace of Ms. Brown's employment, without cause or performance issues, within two years of her relocation to Columbia, Maryland, Grace will pay all necessary moving expenses, including tax gross-ups, to a location of her choice within the continental United States. See below under "—Compensation Tables—Termination and Change-in-Control Arrangements" and "Potential Payments Upon Termination or Change-In-Control."



#### Executive Salary Protection Plan

As described below under the caption "—Compensation Tables—Potential Payments Upon Termination or Change-In-Control," our Executive Salary Protection Plan provides payments to our named executive officers, or their respective beneficiaries, in the event of their disability or death prior to age 70 while employed by Grace. The plan is designed to encourage the continued attention and dedication of our executive officers to their assigned duties without undue concern regarding their ability to earn a living and support their families in the event of death or disability.

#### Compensation Policies and Practices Relating to Risk Management

We do not believe that risks arising from our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on Grace through excessive risk-taking incentives or otherwise. Our compensation program, though tailored to our specific needs, is generally similar to compensation programs used by other companies in our industry. We have many years of experience with the various components of our compensation program, including our incentive plans under which payments may vary based on the performance of the business. We believe these plans, backed by our corporate ethics program and the Grace Core Values, have been successful in aligning the interests of our executives and senior employees with the interests of our stockholders and in encouraging the responsible pursuit of corporate objectives by our employees.

In order to ensure that our executive officer compensation program does not encourage excessive risk-taking, the committee conducts a periodic risk assessment of our compensation plans, including their design, structure and administration. In 2016, the committee engaged Willis Towers Watson to conduct a comprehensive review of the potential risk factors associated with the Company's executive compensation programs. The committee believes that several elements of our compensation programs mitigate risk, including the use of performance measures based on reasonable targets, the balance of the compensation elements, the implementation of stock ownership guidelines, the use of severance and change of control agreements, and the committee's oversight and discretion regarding incentive compensation.

#### Deductibility of Executive Compensation

Section 162(m) of the Code limits the tax deduction for compensation expense in excess of \$1 million paid to certain executive officers unless such compensation is "performance-based" and satisfies certain other conditions. Tax deductibility is one criterion we consider when establishing compensation plans. The Grace AICPs and LTIPs are structured with the intention that the compensation payable thereunder will generally qualify as deductible "performance-based" compensation. However, the rules governing Section 162(m) of the Code are complex and subject to different interpretations. Therefore, there is no certainty that awards intended to constitute "performance-based compensation" will, in fact, meet that exception. In addition, we believe that it is important to preserve the ability to structure compensation plans to meet a variety of corporate objectives even if the compensation is not deductible.

#### Treatment of Equity-Based Compensation in the Separation

##### The Separation and Resulting Adjustments

On February 3, 2016, Grace completed the separation of its business into two public companies, the existing W. R. Grace & Co. and the newly-formed GCP. In connection with the separation, Grace equity awards held by our named executive officers were adjusted under the Grace equity compensation programs. The adjustments were intended to reflect the separation in such a way as to preserve the value of all awards at the time of the separation. All original vesting terms and conditions associated with Grace awards were unchanged, and each GCP award was granted with the same vesting terms and conditions as its original underlying Grace award.

All equity awards granted to our named executive officers prior to January 1, 2015 were split, or “bifurcated,” into awards in both Grace and GCP. This treatment is similar to the treatment of shares of Grace common stock held by public investors. The committee believes that due to the effort needed to complete the separation, a significant investment in both entities by the Grace management team helped to support a successful separation.

All equity awards granted to our named executive officers after January 1, 2015 were “concentrated” in additional Grace awards. In other words, existing Grace awards were modified to reflect the smaller size (and corresponding lower stock price) of Grace following the separation. With respect to these recent awards, the committee believes that concentration in additional Grace awards serves to ensure a close link between the success of Grace management, the success of Grace and further returns to Grace stockholders.

The committee believes that this combined approach of bifurcation and concentration balanced the importance of a successful separation with the need to move forward with a smaller but more focused Grace business.

At the market close on February 3, 2016, the last day of trading prior to the separation, the share price of Grace common stock on the New York Stock Exchange (“NYSE”) was \$84.39. At the market close on February 4, 2016, the first day of separate trading for Grace common stock and GCP common stock on the NYSE, the share price of Grace common stock was \$67.95 and the share price of GCP common stock was \$16.90. These trading prices were used to establish adjustment ratios that determined the equitable adjustment of outstanding Grace stock options, restricted stock units, performance-based units and deferred share awards held by our named executive officers.

The price adjustment ratios for all awards, and the stock adjustment ratio for awards granted after January 1, 2015, were approximately 1.2419 for Grace awards and 4.9935 for GCP awards. They were calculated by dividing the \$84.39 pre-separation price of Grace common stock by the post-separation price of Grace common stock of \$67.95, and the post-separation price of GCP common stock of \$16.90, respectively.

The stock adjustment ratio for all stock awards granted prior to January 1, 2015 was approximately 0.9946. This was calculated by dividing the pre-separation Grace value of \$84.39 by the sum of the post-separation Grace and GCP values (\$67.95 + \$16.90, or \$84.85).

The number of all shares or options underlying each adjusted award was rounded down to the nearest whole share or option, and the exercise price of each adjusted option award was rounded up to the nearest whole cent.

Grace Stock Options granted prior to January 1, 2015 (Bifurcation)

Each Grace stock option granted prior to January 1, 2015, was bifurcated into both an adjusted Grace stock option and a GCP stock option.

The table below reflects the bifurcation of Grace stock options granted to our named executive officers prior to January 1, 2015 and outstanding on February 3, 2016 into adjusted Grace stock options and GCP stock options:

Name	Option Expiration Date	Prior to Separation		Following Separation			
		Number of Outstanding Grace Stock Options (#)	Exercise Price of Outstanding Grace Stock Options (\$)	Number of Grace Stock Options (#)	Exercise Price of Grace Stock Options (\$)	Number of GCP Stock Options (#)	Exercise Price of GCP Stock Options (\$)
A. E. Festa	05/08/2019	91,624	92.770	91,127	74.700	91,127	18.580
	05/02/2018	90,986	76.655	90,492	61.730	90,492	15.360
	06/28/2017	162,000	48.450	161,121	39.020	161,121	9.710
	05/05/2016	264,290	42.255	262,857	34.030	262,857	8.470
H. La Force III	05/08/2019	17,786	92.770	17,689	74.700	17,689	18.580
	05/02/2018	19,673	76.655	19,566	61.730	19,566	15.360
	06/28/2017	40,000	48.450	39,783	39.020	39,783	9.710
	05/05/2016	33,000	42.255	32,821	34.030	32,821	8.470
M. A. Shelnitz	05/08/2019	11,857	92.770	11,792	74.700	11,792	18.580
	05/02/2018	13,525	76.655	13,451	61.730	13,451	15.360
	06/28/2017	27,000	48.450	26,853	39.020	26,853	9.710
	05/05/2016	35,000	42.255	34,810	34.030	34,810	8.470

Grace Stock Options granted after January 1, 2015 (Concentration)

Each Grace stock option granted after January 1, 2015 and held by a named executive officer as of February 3, 2016 was converted into an adjusted Grace award in connection with the separation.

The table below reflects the concentration of Grace stock options granted to named executive officers on or after January 1, 2015 and outstanding on February 3, 2016 into additional and adjusted Grace stock options:

Name	Option Expiration Date	Prior to Separation		Following Separation	
		Number of Outstanding Grace Stock Options (#)	Exercise Price of Outstanding Grace Stock Options (\$)	Number of Grace Stock Options (#)	Exercise Price of Grace Stock Options (\$)
A. E. Festa	05/07/2020	110,671	96.005	137,447	77.310
H. La Force III	05/07/2020	21,483	96.005	26,680	77.310
M. A. Shelnitz	05/07/2020	14,322	96.005	17,787	77.310
E. C. Brown	01/06/2020	6,441	93.150	7,999	75.010
	05/07/2020	13,020	96.005	16,170	77.310

Grace Performance-Based Units granted prior to January 1, 2015 (Bifurcation and Scoring)

The performance measure for the 2014 Grace PBUs is Adjusted EBIT and the number of shares of Grace common stock issued to an executive officer under the 2014 Grace PBUs was originally based upon our Adjusted EBIT performance over the three-year performance period from 2014 to 2016 as compared to our baseline 2013 performance of \$550.8 million.

In connection with the separation, the performance conditions were deemed satisfied with respect to the 2014 Grace PBUs at a payout level based on:

• actual performance for the portion of the performance period commencing on January 1, 2014 and ending on December 31, 2015, and

• target performance for the portion of the performance period commencing on January 1, 2016, and ending on December 31, 2016.

Since the third year of the 2014 to 2016 performance period had only just begun at the time of the separation, the committee had to determine how to adjust the 2014 Grace PBU awards in light of the situation presented. The committee chose to deem the third year complete at the target level. The committee believed that such determination was fair under the totality of the circumstances presented. Moreover, such treatment of performance-based units is consistent with the treatment of performance-based units issued by other companies that have undergone a separation or other major corporate transaction during the middle of a performance period that made the measurement of performance against performance targets impossible or impractical. On the separation date, with performance conditions deemed satisfied and the number of performance-based units determinable, the performance-based units were converted into restricted stock units.

#### Original 2014 Grace PBU Performance Objectives (Full 3-year Performance Period)

The table below sets forth the 2014 Grace PBU performance objectives and the percentage of the target performance-based unit grant that would be earned by each named executive officer in respect of different levels of Grace performance:

3-Year Cumulative Adjusted EBIT Growth Over 2013 Baseline of \$550.8 million (%)	2016 Adjusted EBIT Target (In millions)	Number of Shares Issued for Full 3-Year Performance Period (# Shares)*
Greater than 45	Greater than \$798.7	200% of PBU Award
45	\$798.7	200% of PBU Award
30	\$716	100% of PBU Award
15	\$633.4	50% of PBU Award
Less than 15	Less than \$633.4	—

\* The actual number of shares earned is prorated on a straight line basis for performance that falls between the performance targets set forth in the table.

#### Adjusted 2014 Grace PBU Performance Objectives (Partial Two-year Performance Period)

The table below sets forth the 2014 Grace PBU performance objectives and the percentage of the target performance-based unit grant that would be earned by the named executive officer in respect of different levels of Grace performance in respect of the adjusted performance period commencing on January 1, 2014 and ending on December 31, 2015:

2015 Adjusted EBIT Target (In millions)	Number of RSUs Issued for Partial 2-Year Performance Period (# Shares)*
Greater than \$731.8	200% of PBU Award
\$731.8	200% of PBU Award
\$656.1	100% of PBU Award
\$580.4	50% of PBU Award
Less than \$580.4	—

\* Actual number of RSUs issued is prorated on a straight line basis for performance that falls between the performance targets set forth in the table. As discussed below, the 2014 Grace PBUs were converted into restricted stock units.

2015 Adjusted EBIT (in millions)	\$618.5
Interpolated Portion of 2014 PBUs earned for 2014-15 (67% of original 2014 PBUs)	75%
Portion of 2014 PBUs earned for 2016 (33% of original 2014 PBUs)	100%
Total portion of 2014 PBUs earned $((.67 \times .75) + (.33 \times 1.00)) \times (\text{Original 2014 PBU Grant})$ (reflects rounding)	83%

## Actual Issuance of restricted stock units for 2014 Grace PBUs (Other than Ms. Brown) (Bifurcation)

The 2014 Grace PBUs held by our named executive officers, other than Ms. Brown, were converted into Grace RSUs and GCP RSUs and the number of shares subject to such restricted stock units was adjusted to reflect, with respect to 67% of the original performance-based unit grant, the satisfaction of the performance conditions of the original 2014 Grace PBUs as described above and, with respect to the remaining 33% of the original performance-based unit grant, the deemed satisfaction of the performance conditions at the target level. The Grace RSUs and GCP RSUs were paid out in early 2017.

The table below reflects the bifurcation of Grace 2014 PBUs into Grace RSUs and GCP RSUs in respect of each named executive officer (amounts reflect rounding):

Name	Original Target Grace 2014 PBU Grant (a) (#)	Grace RSUs Earned (.83*x(a)) (#)	GCP RSUs Earned (.83*x(a)) (#)
A. E. Festa	22,906	19,012	19,012
H. La Force III	4,446	3,690	3,690
M. A. Shelnitz	2,964	2,460	2,460

\* See the table above under “—Adjusted 2014 Grace PBU Performance Objectives (Partial Two-year Performance Period)” for the calculation of this percentage.

## Grace Performance-Based Units granted to Ms. Brown after January 1, 2015 (Concentration and Scoring)

The new hire Grace performance-based units granted to Ms. Brown in 2015 under the 2014 LTIP were converted into an award of post-separation Grace restricted stock units as described above, and were paid out in early 2017.

The table below reflects the concentration and scoring of Grace 2014 PBUs into Grace RSUs (amounts reflect rounding):

Name	Original Target Grace 2014 PBU Grant (a) (#)	Post-Separation Grace RSUs (1.2419*x(a)) (b) (#)	Grace RSUs Earned (.83**x(b)) (#)
E. C. Brown	1,610	2,000	1,660

\* See “—The Separation and Resulting Adjustments” above for the calculation of this adjustment ratio.

\*\* See the table above under “—Adjusted 2014 Grace PBU Performance Objectives (Partial Two-year Performance Period)” for the calculation of this percentage.

## Grace 2015 Restricted Stock Units (Concentration)

Grace RSUs granted in 2015 to our named executive officers were converted into adjusted Grace RSUs in connection with the separation. The number of shares subject to the Grace RSUs was adjusted with the intent of preserving the aggregate value of the original Grace award, as measured immediately before and immediately after the separation, subject to rounding.

Name	Pre-Separation	Post-Separation
	2015 RSU Grant (a) (# Shares)	2015 RSU Grant on 2/4/16 (1.2419*x(a)) (b) (# Shares)
A. E. Festa	22,134	27,489
H. La Force	4,297	5,337
M. A. Shelnitz	2,864	3,557
E. C. Brown	2,604	3,234
	5,208	6,468

\* See “—The Separation and Resulting Adjustments” above for the calculation of this adjustment ratio.

Deferred Share Award (Mr. Shelnitz) (Concentration)

Mr. Shelnitz holds a deferred share award pursuant to the provisions of a former Grace incentive compensation plan under which certain employees were permitted to voluntarily defer receipt of shares of Grace common stock. Since 1998, executives may no longer defer receipt of shares under the plan. In connection with the separation, the deferred share award held by Mr. Shelnitz was converted into an adjusted Grace award. The number of shares subject to the award was adjusted to preserve the aggregate value of the original Grace award, as measured immediately before and immediately after the separation, subject to rounding.

The table below reflects the concentration of the deferred share award:

Name	Original Deferred Shares	Post-Separation Deferred Shares
	(a) (#)	(1.2419*x(a)) (b) (#)
M. A. Shelnitz	9,420.8496	11,700.1545

\* See “—The Separation and Resulting Adjustments” above for the calculation of this adjustment ratio.

This description does not purport to be complete and is qualified in its entirety by reference to the text of the Employee Matters Agreement entered into in connection with the separation, which was filed with the SEC.

Compensation Committee Report

We, the undersigned members of the Compensation Committee of the Board of Directors of Grace, have reviewed Grace's Compensation Discussion and Analysis for 2016 and have discussed it with Grace management. Based on our review and this discussion, we recommend to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

Jeffry N. Quinn, Chair  
H. Furlong Baldwin  
Robert F. Cummings, Jr.  
Julie Fasone Holder  
Diane H. Gulyas  
Christopher J. Steffen  
Mark E. Tomkins



Compensation Committee Interlocks and Insider Participation

During 2016, the Compensation Committee of the Board was composed of Messrs. Baldwin, Cambre, Cummings, Quinn (Chair), Tomkins and Steffen, Dr. Fox and Mses. Fasone Holder, Gulyas and Henry. Ms. Fasone Holder joined the Board of Directors and Compensation Committee on November 2, 2016. Mr. Cambre, Dr. Fox and Ms. Henry resigned from the Board of Directors and all committees effective February 3, 2016, in connection with the separation. None of these persons is a current or former Grace officer or employee, nor did we have any reportable related party transactions with any of these persons. None of our executive officers serves or in the past has served as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving, or in the past having served, on our Board of Directors or the Compensation Committee.

## Compensation Tables

## Summary Compensation Table

The following table sets forth the compensation we paid for the periods indicated to our Chief Executive Officer, our Chief Financial Officer and each of our other three most highly compensated executive officers who were executive officers as of December 31, 2016, determined by reference to the total compensation earned by such individuals for 2016 (reduced by the amount set forth in the table below under the caption "Change in Pension Value and Nonqualified Deferred Compensation Earnings").

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(a)(b) (\$)	Option Awards(a) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(d) (\$)	All Other Compensation (\$)	Total (\$)
A. E. Festa Chairman & Chief Executive Officer	2016	975,000	—	3,312,920	1,141,283	1,023,750	799,000	142,848	7,394,801
	2015	975,000	—	2,124,975	2,131,941	1,084,688	282,000	129,703	6,728,307
	2014	975,000	1,500,000	2,107,352	1,935,708	824,586	1,221,000	104,885	8,668,531
T. E. Blaser Senior Vice President & Chief Financial Officer	2016	397,500	—	1,062,494	482,934	235,500	62,000	76,303	2,316,731
H. La Force III President & Chief Operating Officer	2016	591,667	—	849,371	295,388	420,000	207,000	58,392	2,421,818
	2015	500,000	—	412,533	413,844	356,000	80,000	49,266	1,811,643
	2014	487,500	750,000	409,032	375,757	296,000	281,000	36,305	2,635,594
M. A. Shelnitz Vice President, General Counsel & Secretary	2016	425,000	—	578,708	201,403	249,900	442,000	42,918	1,939,929
	2015	425,000	—	274,958	275,896	264,775	57,000	40,215	1,337,844
	2014	410,417	1,000,000	272,688	250,497	220,150	874,000	29,355	3,057,107
E. C. Brown Vice President & Chief Human Resources Officer	2016	375,000	—	535,983	187,971	220,500	103,000	61,491	1,483,945
	2015	372,595	—	898,111	381,534	233,625	49,000	174,159	2,109,024

In the "Stock Awards" column, the amounts reflect the aggregate grant date fair value of: (i) restricted stock unit awards; and (ii) performance-based unit awards, to each executive officer, computed in accordance with FASB (a) ASC Topic 718, "Compensation-Stock Compensation." In the "Option Awards" column, the amounts reflect the aggregate grant date fair value of option awards to each executive officer computed in accordance with FASB ASC Topic 718.

In the case of restricted stock unit awards, the amounts shown in the Stock Awards column are based on an estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB

ASC Topic 718, excluding the effect of estimated forfeitures.

In the case of performance-based unit awards, the amounts shown in the Stock Awards column are based on an estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718 assuming the target level of performance conditions is achieved and excluding the effect of estimated forfeitures. The values of the performance-based unit awards at the grant date if the highest level of performance conditions is achieved would be as follows: Mr. Festa - \$4,249,932; Mr. Blaser - \$750,020; Mr. La Force - \$1,100,040; Mr. Shelnitz - \$750,020; and Ms. Brown - \$700,038.

In the case of stock options, Grace values the options using a Black-Scholes option-pricing model, which was developed for use in estimating the fair value of traded options, as discussed above under "Application of the Compensation Program for 2016—Elements, Targets and Results—Long-Term Incentive Compensation—Stock Options" in the Compensation Discussion and Analysis above.

The assumptions used to calculate the compensation expense for 2016 are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, in Item 8 (Financial Statements and Supplementary Data) in the Financial Supplement under Note 15 (Stock Incentive Plans) to the Consolidated Financial Statements, which information is incorporated herein by reference.

- The amounts in this column include the incremental fair value with respect to the modification of Grace performance-based units granted in respect of the 2014-2016 performance period. For a discussion of such modification, see "Treatment of Equity-Based Compensation in the Separation - Grace Performance-Based Units granted prior to January 1, 2015 (Bifurcation and Scoring)" in the Compensation Discussion and Analysis, above. The amounts included in respect of such modification are: Mr. Festa — \$125,437; Mr. La Force — \$24,375; Mr. Shelnitz — \$16,227; and Ms. Brown — \$10,955.
- (c) The 2016 amount consists of earned payments pursuant to the 2016 Annual Incentive Compensation Plan (AICP). The 2016 amount consists of the aggregate change in the actuarial present value of the individual's accumulated benefit under the Grace Pension Plan and Grace Supplemental Executive Retirement Plan (SERP) from
- (d) December 31, 2015 to December 31, 2016, assuming retirement at age 62 with benefits payable on a straight life annuity basis, based on assumptions used for financial reporting purposes under generally accepted accounting principles, including a 4.06% discount rate determined as set forth in the Company's

Annual Report on Form 10-K for the year ended December 31, 2016, in Item 8 (Financial Statements and Supplementary Data) in the Financial Supplement under Note 8 (Pension Plans and Other Postretirement Benefit Plans) to the Consolidated Financial Statements, which information is incorporated herein by reference. Negative amounts are not reflected in the table pursuant to SEC rules. Although these amounts appear as a lump sum, they are generally paid as an annuity. The amount reported is an accounting value and was not realized by the individual in cash during 2016. The amounts include benefits that the individual may not currently be entitled to receive because the executive is not vested in such benefits. No executive officer received preferential or above market earnings on nonqualified deferred compensation.

Name	Change in Pension Plan Value (\$)	Change In SERP Value (\$)	Total Change in Pension Value (\$)
A. E. Festa	94,000	705,000	799,000
T. E. Blaser	35,000	27,000	62,000
H. La Force III	66,000	141,000	207,000
M. A. Shelnitz	184,000	258,000	442,000
E. C. Brown	43,000	60,000	103,000

(e) The 2016 amount consists of the following:

Name	Personal Benefits* (\$)	S&I Plan Matching Payments (\$)	S&I Plan Replacement Payments (\$)	Liability Insurance (\$)	Relocation Payments** (\$)	Total (\$)
A. E. Festa	19,010	14,625	107,681	1,532	—	142,848
T. E. Blaser	—	14,550	7,950	1,532	52,271	76,303
H. La Force III	—	15,900	40,960	1,532	—	58,392
M. A. Shelnitz	—	15,900	25,486	1,532	—	42,918
E. C. Brown	—	15,900	20,618	1,532	23,441	61,491

Consists of our aggregate incremental cost of providing perquisites and other personal benefits or property if the \* aggregate amount of personal benefits provided to the individual equaled or exceeded \$10,000. For Mr. Festa, amount consists of a physical examination, and personal use of Grace-provided aircraft in the amount of \$17,273, calculated based on personal-use flight hours as a percentage of total flight hours charged to Grace.

\*\* Amount includes relocation expenses (including tax gross up) in the amount of \$52,271 for Mr. Blaser, and \$23,441 in relocation expenses for Ms. Brown.

Grants of Plan-Based Awards in 2016

The following table provides information regarding grants under our Annual Incentive Compensation Plan, or AICP, and Long Term Incentive Plan, or LTIP, to the executive officers named in the Summary Compensation Table above during 2016.

Name	Plan	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(a)			Estimated Future Payouts Under Equity Incentive Plan Award(s)			All Other Stock Awards	All Other Option Awards	Exercise Base Price	Closing Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)(b)	Target (#)(b)	Maximum (#)(b)	Number of Shares of Stock (#)(c)	Number of Securities Underlying Options (#)(d)	(\$/Sh)(e)	(\$/Sh)(e)	(\$)(f)
A. E. Festa	2016 AICP	n/a	609,375	1,218,750	2,437,500	—	—	—	—	—	—	—	—
	2016 LTIP (Option)	2/25/2016	—	—	—	—	—	—	—	88,451	68.47	68.59	1,141,283
	2016 LTIP (RSU)	2/25/2016	—	—	—	—	—	—	15,518	—	—	—	1,062,517
	2016 LTIP (PBU)	2/25/2016	—	—	—	15,518	31,035	62,070	—	—	—	—	2,124,966
	2014 LTIP (PBU) Modified	(c)	—	—	—	—	—	—	1,832	—	—	—	125,437
T. E. Blaser	2016 AICP New Hire Grant	n/a	140,240	280,479	560,958	—	—	—	—	—	—	—	—
	2016 LTIP (Option) New Hire Grant	2/11/2016	—	—	—	—	—	—	—	21,819	65.31	65.91	281,531
	2016 LTIP (Option) New Hire Grant	2/25/2016	—	—	—	—	—	—	—	15,609	68.47	68.59	201,403
	2016 LTIP (RSU) New Hire Grant	2/11/2016	—	—	—	—	—	—	7,656	—	—	—	500,013
	2016 LTIP (RSU)	2/25/2016	—	—	—	—	—	—	2,738	—	—	—	187,471
	2016 LTIP (PBU)	2/25/2016	—	—	—	2,739	5,477	10,954	—	—	—	—	375,010
H. La Force III	2016 AICP	n/a	249,900	499,800	999,600	—	—	—	—	—	—	—	—
		2/25/2016	—	—	—	—	—	—	—	22,893	68.47	68.59	295,388

	2016 LTIP (Option)												
	2016 LTIP (RSU)	2/25/2016	—	—	—	—	—	—	4,016	—	—	—	274,976
	2016 LTIP (PBU)	2/25/2016	—	—	—	4,017	8,033	16,066	—	—	—	—	550,020
	2014 LTIP (PBU) Modified	(c)	—	—	—	—	—	—	356	—	—	—	24,375
M. A. Shelnitz	2016 AICP	n/a	148,750	297,500	595,000	—	—	—	—	—	—	—	—
	2016 LTIP (Option)	2/25/2016	—	—	—	—	—	—	—	15,609	68.47	68.59	201,403
	2016 LTIP (RSU)	2/25/2016	—	—	—	—	—	—	2,738	—	—	—	187,471
	2016 LTIP (PBU)	2/25/2016	—	—	—	2,739	5,477	10,954	—	—	—	—	375,010
	2014 LTIP (PBU) Modified	(c)	—	—	—	—	—	—	237	—	—	—	16,227
E. C. Brown	2016 AICP	n/a	131,250	262,500	525,000	—	—	—	—	—	—	—	—
	2016 LTIP (Option)	2/25/2016	—	—	—	—	—	—	—	14,568	68.47	68.59	187,971
	2016 LTIP (RSU)	2/25/2016	—	—	—	—	—	—	2,556	—	—	—	175,009
	2016 LTIP (PBU)	2/25/2016	—	—	—	2,556	5,112	10,224	—	—	—	—	350,019
	2014 LTIP (PBU) Modified	(c)	—	—	—	—	—	—	160	—	—	—	10,955

(a) Actual payments pursuant to the 2016 AICP are reflected in the Summary Compensation Table above.

Pursuant to the terms of the grants, the number of PBUs that are earned, if any, would be determined after the close (b) of the performance period based on performance for fiscal years 2016 to 2018 and would be payable in early 2019, generally subject to continued employment.

2016 LTIP RSUs vest in one-third increments on February 24, 2017, February 23, 2018 and February 25, 2019, (c) generally subject to continued employment. The new-hire grant of RSUs to Mr. Blaser vests on February 11, 2019. For a discussion of the 2014 LTIP PBU modification, see the Summary Compensation Table above.



Options awarded under the 2016 LTIP are exercisable in one-third increments on February 24, 2017, February 23, (d)2018, and February 25, 2019, generally subject to continued employment. New hire options awarded to Mr. Blaser are exercisable in one-third increments on February 11, 2017, February 11, 2018 and February 11, 2019.

The exercise price was determined based on the average of the high and low trading prices of Grace common stock (e) on the NYSE on the grant date. See "Compensation Discussion and Analysis—Treatment of Equity-based Compensation in the Separation."

(f) The grant date fair value is generally the amount that Grace would expense in its financial statements over the award's service period, but does not include a reduction for forfeitures.

Outstanding Equity Awards at Fiscal Year End 2016

The following table provides information regarding outstanding stock options, restricted stock units, and performance based units held by the executive officers named in the Summary Compensation Table above as of December 31, 2016.

Name	Option Awards				Stock Awards		Equity	Equity
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (\$)	Incentive Plan Awards: Number of Units That Have Not Vested (#)	Incentive Plan Awards: Payout Value of Unearned Units That Have Not Vested (\$)
A. E. Festa	—	—	—	—	19,012	1,285,972	(a)—	—
	—	—	—	—	27,489	1,859,356	(b)—	—
	—	—	—	—	15,518	1,049,638	(c)—	—
	—	—	—	—	—	—	31,035	2,099,207
	—	88,451	(e) 68.470	2/25/2021	—	—	—	—
	45,816	91,631	(f) 77.310	5/7/2020	—	—	—	—
	60,752	30,375	(g) 74.700	5/8/2019	—	—	—	—
T. E. Blaser	90,492	—	61.730	5/2/2018	—	—	—	—
	80,560	—	39.020	6/28/2017	—	—	—	—
	—	—	—	—	7,656	517,852	(h)—	—
	—	—	—	—	2,738	185,198	(c)—	—
	—	—	—	—	—	—	5,477	370,464
H. La Force III	—	15,609	(e) 68.470	2/25/2021	—	—	—	—
	—	21,819	(i) 65.310	2/11/2021	—	—	—	—
	—	—	—	—	3,690	249,592	(a)—	—
	—	—	—	—	5,337	360,995	(b)—	—
	—	—	—	—	4,016	271,642	(c)—	—
	—	—	—	—	—	—	8,033	543,352
M. A. Shelnitz	—	22,893	(e) 68.470	2/25/2021	—	—	—	—
	8,894	17,786	(f) 77.310	5/7/2020	—	—	—	—
	11,793	5,896	(g) 74.700	5/8/2019	—	—	—	—
	19,566	—	61.730	5/2/2018	—	—	—	—
	29,783	—	39.020	6/28/2017	—	—	—	—
M. A. Shelnitz	—	—	—	—	2,460	166,394	(a)—	—



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	—	—	—	—	3,557	240,595	(b)—	—
	—	—	—	—	2,738	185,198	(c)—	—
	—	—	—	—	—	—	5,477	370,464 (d)
	—	15,609	(e) 68.470	2/25/2021	—	—	—	—
	5,929	11,858	(f) 77.310	5/7/2020	—	—	—	—
	7,862	3,930	(g) 74.700	5/8/2019	—	—	—	—
	13,451	—	61.730	5/2/2018	—	—	—	—
	26,853	—	39.020	6/28/2017	—	—	—	—
E. C. Brown	—	—	—	—	1,660	112,282	(a)—	—
	—	—	—	—	3,234	218,748	(b)—	—
	—	—	—	—	6,468	437,496	(b)—	—
	—	—	—	—	2,556	172,888	(c)—	—
	—	—	—	—	—	—	5,112	345,776 (d)
	—	14,568	(e) 68.470	2/25/2021	—	—	—	—
	5,390	10,780	(f) 77.310	5/7/2020	—	—	—	—
	4,000	3,999	(j) 75.010	1/6/2020	—	—	—	—

Market value of restricted stock units that have not been earned is based on the December 30, 2016, closing market (a) price of Grace common stock of \$67.64 per share. The restricted stock units will generally be earned or forfeited based on continued employment with

Grace through the settlement date. See "Compensation Discussion and Analysis—Treatment of Equity-based Compensation in the Separation."

(b) Market value of restricted stock units that have not been earned is based on the December 30, 2016, closing market price of Grace common stock of \$67.64 per share. The restricted stock units will generally be earned or forfeited based on continued employment with Grace through May 7, 2018. See "Compensation Discussion and Analysis—Treatment of Equity-based Compensation in the Separation."

(c) Market value of restricted stock units that have not been earned is based on the December 30, 2016, closing market price of Grace common stock of \$67.64 per share. The restricted stock units will generally be earned or forfeited in one-third increments based on continued employment with Grace through the respective payout dates, which are expected to be on or after February 24, 2017, February 23, 2018, and February 25, 2019.

(d) Market value of performance-based units that have not been earned is based on the December 30, 2016 closing market price of Grace common stock of \$67.64 per share. Pursuant to the terms of the grants, the performance-based units would be earned or forfeited based on Grace performance from fiscal year 2016 through fiscal year 2018. Performance for fiscal year 2016 was at a level in excess of one-third of the performance threshold; therefore, the target amounts are shown.

(e) Options are exercisable in one-third increments on February 24, 2017, February 23, 2018 and February 25, 2019.

(f) Options are exercisable in one-third increments on May 6, 2016, May 5, 2017, and May 7, 2018.

(g) Options are exercisable in one-third increments on May 8, 2015, May 6, 2016, and May 8, 2017.

(h) Market value of restricted stock units that have not been earned is based on the December 31, 2016, closing market price of Grace common stock of \$67.64 per share. The restricted stock units will generally be earned or forfeited based on continued employment with Grace through February 11, 2019.

(i) Options are exercisable in one-third increments on February 11, 2017, February 11, 2018 and February 11, 2019.

(j) Options are exercisable in one-half increments on January 6, 2016 and January 6, 2017.

#### Option Exercises and Stock Vested in 2016

The following table provides information regarding the exercise of options held by the executive officers named in the Summary Compensation Table above during 2016. No stock awards held by the named executive officers vested in 2016.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Shares Acquired on Vesting (#)	Value Realized (\$)
A. E. Festa	343,418	11,762,860	—	—
T. E. Blaser	—	—	—	—
H. La Force III	42,821	1,537,449	—	—
M. A. Shelnitz	34,810	1,484,366	—	—
E. C. Brown	—	—	—	—

#### Pension Benefits

The following table provides information regarding benefits under our Retirement Plan for Salaried Employees, or Pension Plan, and our Supplemental Executive Retirement Plan, or SERP, for the executive officers named in the Summary Compensation Table above.

Name	Plan Name	Number of Years of Service (years)	Present Value of Accumulated Benefit (\$)(a)	Payments During Last Fiscal Year (\$)
A. E. Festa	Pension Plan	13.08	578,000	—
	SERP	13.08	4,696,000	—
T. E. Blaser	Pension Plan	1.00	35,000	—
	SERP	1.00	27,000	—
H. La Force III	Pension Plan	8.75	322,000	—
	SERP	8.75	743,000	—
M. A. Shelnitz	Pension Plan	33.17	1,553,000	—
	SERP	33.17	2,646,000	—
E. C. Brown	Pension Plan	2.00	77,000	—
	SERP	2.00	75,000	—

Amounts comprise the actuarial present value of the individual's accumulated benefit under the Pension Plan and SERP as of December 31, 2016, assuming retirement at age 62 with benefits payable on a straight life annuity basis, based on assumptions used for financial reporting purposes under generally accepted accounting principles, including a 4.06% discount rate determined as set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, in Item 8 (Financial Statements and Supplementary Data) in the Financial Supplement (a) under Note 8 (Pension Plans and Other Postretirement Benefits Plans) to the Consolidated Financial Statements.

The Pension Plan and SERP provide for a reduction in pension benefits to individuals who elect early retirement ranging from a 17% reduction for retirement at age 55 to no reduction for retirement at age 62. Although these amounts appear as a lump sum, they are generally paid as an annuity. The amount reported is an accounting value and was not realized by the individual in cash during 2016. The amounts include benefits that the individual may not currently be entitled to receive because the individual is not vested in such benefits.

#### Retirement Plan for Salaried Employees

Full-time salaried employees who are 21 or older and who have one or more years of service are eligible to participate in our Pension Plan. Under this basic retirement plan, pension benefits are based upon (a) the employee's average annual compensation for the 60 consecutive months in which his or her compensation is highest during the last 180 months of continuous participation, and (b) the number of years of the employee's credited Grace service. At age 62, a participant is entitled to full benefits under the Pension Plan but a participant may elect reduced payments upon early retirement beginning at age 55. For purposes of the Pension Plan, compensation generally includes base salary and AICP awards; however, for 2016, federal income tax law limits to \$265,000 the annual compensation on which benefits under the Pension Plan may be based. As of December 31, 2016, Mr. Festa and Mr. Shelnitz are eligible for early retirement under the Pension Plan. The Pension Plan is further described in Item 8 (Financial Statements and Supplementary Data) in the Financial Supplement under Note 8 (Pension Plans and Other Postretirement Benefits Plans) to the Consolidated Financial Statements and in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Financial Condition, Liquidity, and Capital Resources—Employee Benefit Plans—Defined Benefit Pension Plans") in the Financial Supplement of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

#### Supplemental Executive Retirement Plan

We also have an unfunded, nonqualified SERP, under which an employee will receive the full pension to which he or she would be entitled in the absence of the limitations described above and other limitations imposed under federal income tax law. In respect to payments, the SERP generally operates in the same manner as the Pension Plan. As of December 31, 2016, Mr. Festa and Mr. Shelnitz are eligible for early retirement under the SERP. The SERP is further described in Item 8 (Financial Statements and Supplementary Data) in the Financial Supplement under Note 8 (Pension Plans and Other Postretirement Benefits Plans) to the Consolidated Financial Statements and in Item 7

(Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Financial Condition, Liquidity, and Capital Resources—Employee Benefit Plans—Defined Benefit Pension Plans") in the Financial Supplement.

71

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## Non-Qualified Deferred Compensation Plan

The following table summarizes the compensation deferred by the named executive officer pursuant to the provisions of Grace's incentive compensation plan in 1998, under which certain employees were permitted to voluntarily defer receipt of shares of Grace common stock. Deferred shares under the plan are fully vested and may be distributed to the plan beneficiary upon retirement or termination of service with us. Since 1998, executives may no longer defer receipt of shares under the plan, although existing balances remain in place.

## Fiscal Year 2016 Non-Qualified Deferred Compensation

Name	Executive Contributions in Fiscal Year 2016 (\$)	Registrant Contributions in Fiscal Year 2016 (\$)	Aggregate Earnings in Fiscal Year 2016 (\$)	Aggregate Withdrawals/ Distributions in Fiscal Year 2016 (\$)	Aggregate Balance at Fiscal Year 2016 End (\$)
M. A. Shelnitz	—	—	(141,247)(a)	—	796,975 (b)

(a) Amount represents the change in value of shares of Grace common stock held in the plan (from December 31, 2015 to December 31, 2016). The total number of shares of Grace common stock held in the plan as of December 31, 2016 was 11,782.5947 (which includes the number of shares on December 31, 2015, as adjusted for the separation and additional shares purchased with dividends paid on those shares during 2016).

(b) Amount represents the value of 11,782.5947 shares of Grace common stock deferred under the plan based on the closing price of Grace common stock on December 31, 2016, of \$67.64.

## Potential Payments Upon Termination or Change-In-Control

The following table sets forth potential payments to executive officers named in the Summary Compensation Table above in the event of the listed events, calculated under the assumption that employment terminated on the last day of 2016. The following table does not include payments pursuant to contracts, agreements, plans and arrangements that do not discriminate in scope, terms or operation, in favor of executive officers and that are available generally to all salaried employees. The value of payments to be made following termination of employment pursuant to the Pension Plan and SERP are described above under the caption "—Pension Benefits." The value of payments to be made following termination of employment pursuant to Mr. Shelnitz's deferred shares arrangement are described above under the caption "—Non-Qualified Deferred Compensation Plan."

Name	Involuntary Termination Without Cause (\$)(a)	Change-in-Control (\$)(b)	Involuntary Termination Without Cause Following Change-in-Control (\$)(c)(d)(e)	Death (\$)(c)(d)(f)	Disability (\$)(c)(d)(g)
A. E. Festa	4,387,500	—	11,109,994	4,284,994	3,617,494
T. E. Blaser	730,479	50,838	2,805,026	783,110	531,860
H. La Force III	1,099,800	—	4,505,859	1,306,659	896,659
M. A. Shelnitz	722,500	—	2,939,951	899,951	581,201
E. C. Brown	637,500	—	2,815,083	(h)1,015,083	802,583

(a) Consists of minimum severance payments pursuant to the Severance Plan for Leadership Team Officers of W. R. Grace & Co. Amount excludes LTIP payments (in amounts set forth below in footnote (c)) and/or AICP payments that executive officers may receive in the discretion of the Grace Compensation Committee as described below under "—Termination and Change-in-Control Arrangements."

(b)

Upon change-in-control, stock options immediately become fully vested and exercisable. Amount shown represents the in-the-money value of unvested stock options as of December 31, 2016.

Includes the value of a pro-rated number of shares to be issued under the 2016-2018 Performance-based Units (PBUs) calculated as described below under the 2014 Long Term Incentive Plan under the assumption that the (c) 2016-2018 PBUs pay out at the target amount. See below under "—Long Term Incentive Plan (Amended and Restated 2011 and 2014 Stock Incentive Plans-Performance-Based Unit (PBU) and Restricted Stock Unit (RSU) Awards)."

Name	2016-2018 PBUs (\$)
A. E. Festa	699,666
T. E. Blaser	123,476
H. La Force III	181,099
M. A. Shelnitz	123,476
E. C. Brown	115,247

Includes the value of a prorated number of RSUs under the 2014 Long Term Incentive Plan. See below under "—Long (d) Term Incentive Plan (Amended and Restated 2011 and 2014 Stock Incentive Plans—Performance-Based Unit (PBU) and Restricted Stock Unit (RSU) Awards)."

Name	2014-2016 RSUs (\$)	2015-2017 RSUs (\$)	2016-2018 RSUs (\$)
A. E. Festa	1,285,972	1,032,872	291,484
T. E. Blaser	—	—	209,634
H. La Force III	249,592	200,533	75,435
M. A. Shelnitz	166,394	133,651	51,430
E. C. Brown	112,282	364,543	48,001

Includes contractual payments pursuant to each executive's respective Change-in-Control Severance Agreement (e) calculated under the assumption that no excise tax will apply and excludes AICP payments executive officers may receive under certain circumstances in the discretion of the Grace Compensation Committee as described below under "—Termination and Change-in-Control Arrangements—Annual Incentive Compensation Plan" as follows:

Name	Change-in-Control Severance Payments (\$)
A. E. Festa	7,800,000
T. E. Blaser	2,471,916
H. La Force III	3,799,200
M. A. Shelnitz	2,465,000
E. C. Brown	2,175,000

Includes the sum of payments under the Grace Executive Salary Protection Plan ("ESPP") during the first year following death. Amount excludes AICP payments executive officers may receive under certain circumstances in (f) the discretion of the Grace Compensation Committee as described below under "—Termination and Change-in-Control Arrangements." During subsequent years after death until the specified termination year (reflecting the executive officer's age as of December 31, 2016), the sum of payments each year would be as follows:

Name	ESPP Payments Each Year Following Year of Death	Year of Termination of Payments*
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	(\$)	
A. E. Festa	487,500	2025
T. E. Blaser	225,000	2027
H. La Force III	300,000	2027
M. A. Shelnitz	212,500	2024
E. C. Brown	187,500	2027

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\* Payments terminate 10 years following death; however, if the executive officer is over age 55 at the time of death, the duration of payments is reduced.



(g) Includes sum of payments under the ESPP during the first 12-month period following disability, assuming the executive officer remains disabled for at least 12 consecutive months as reflected in the following table. Amounts reflect the offset of expected payments under Grace’s long-term and short-term disability plans that are based, in part, on the duration of the executive officer’s employment. Amount excludes AICP payments executive officers may receive under certain circumstances in the discretion of the Grace Compensation Committee as described below under “—Termination and Change-in-Control Arrangements—Annual Incentive Compensation Plan.” During subsequent 12-month periods after disability until the specified termination year or earlier death or end of disability, the sum of payments each year would be:

Name*	ESPP Payments During 12-Month Period Following Disability (\$)	ESPP Payments During Subsequent 12-Month Periods (\$)	Year of Termination of Payments
A. E. Festa	307,500	225,000	2024
T. E. Blaser	198,750	45,000	2026
H. La Force III	190,000	60,000	2029
M. A. Shelnitz	106,250	42,500	2023
E. C. Brown	162,500	37,500	2028

In addition, in the event of the involuntary termination by Grace of Ms. Brown's employment, without cause or (h) performance issues, within two years of her relocation to Maryland, Grace will pay all necessary moving expenses, including tax gross-ups, to a location of her choice within the continental United States.

#### Termination and Change-in-Control Arrangements

##### Change-in-Control Severance Agreements

We have entered into change-in-control severance agreements with all of our executive officers, which renew automatically unless the Grace Board of Directors elects not to renew them. These agreements generally provide that in the event of the involuntary termination of the individual’s employment without cause (including constructive termination caused by a material reduction in his or her authority or responsibility or by certain other circumstances) following a “change-in-control,” he or she will generally receive a severance payment equal to three times the sum of his or her annual base salary plus target annual incentive compensation, subject to reduction, pro rata in the case of an executive officer who is within 36 months of normal retirement age (65) or, under certain circumstances, to minimize the effect of certain excise taxes if applicable. For purposes of the severance agreements, “change-in-control” means the acquisition of 20% or more of the outstanding Grace common stock (but not if such acquisition is the result of the sale of common stock by Grace that has been approved by Grace’s Board of Directors), the failure of Board-nominated directors to constitute a majority of any class of Grace’s Board of Directors, the occurrence of a transaction in which the stockholders of Grace immediately preceding such transaction do not own more than 50% of the combined voting power of the entity resulting from such transaction, or the liquidation or dissolution of Grace. The severance amount would be paid in a single lump-sum after termination. Our change-in-control severance agreements do not provide for any “gross up” or other payments in respect of taxes owed by our executive officers following a termination of employment. The description of the severance agreements in this Proxy Statement does not purport to be complete and is qualified in its entirety by reference to the form of such agreement, which has been filed with the SEC.

##### Severance Arrangements (Without a Change-in-Control)

In connection with the separation, on February 3, 2016, Grace adopted the Severance Plan for Leadership Team Officers of W. R. Grace & Co. (the “Executive Severance Plan”), which provides that, if the employment of an executive officer is terminated without cause without a change in control, he or she will be entitled to cash severance equal to one times (two times, in the case of the CEO) the sum of his or her base salary and target bonus. The Executive Severance Plan also provides that, upon a termination without cause not due to a change in control, an executive officer will be entitled to a prorated annual bonus for the year of termination if he or she has completed at least three months of employment in the applicable year. Payments under the Executive Severance Plan are contingent

upon the executive officer's execution and non-revocation of a release of claims and non-compete and non-solicitation of

74

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employees covenants with a duration of 24 months, in favor of Grace. The Executive Severance Plan replaces, and each executive officer has waived all rights under, all individual agreements or arrangements that provide for cash severance to an executive officer if the employment of such executive officer is terminated without cause not due to a change in control. Our severance arrangements are designed to encourage and reinforce the continued attention and dedication of our executive officers to their assigned duties without undue concern regarding their job security. The Executive Severance Plan meets these goals and in addition, equalizes the severance arrangements for all of the named executive officers, with the exceptions noted for the CEO. Also, in connection with the separation, we have agreed that, in the event of the involuntary termination by Grace of Ms. Brown's employment, without cause or performance issues, within two years of her relocation to Columbia, Maryland, Grace will pay all necessary moving expenses, including tax gross-ups, to a location of her choice within the continental United States. The description of the severance arrangements in this Proxy Statement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Executive Severance Plan, which the Company filed with the SEC.

#### Executive Salary Protection Plan

All executive officers participate in the Executive Salary Protection Plan which provides that, in the event of a participant's disability or death prior to age 70, we will continue to pay all or a portion of base salary to the participant or a beneficiary for a period based on the participant's age at the time of disability or death. Payments under the plan may not exceed 100% of base salary for the first year and 60% thereafter in the case of disability (50% in the case of death). Any payment under the plan as a result of disability would be reduced by the amount of disability income received under Grace's long-term and short-term disability plans that are generally applicable to U.S. salaried employees. The payments would be paid in installments in the form of salary continuation. The description of the plan in this Proxy Statement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Executive Salary Protection Plan, which the Company filed with the SEC.

#### Annual Incentive Compensation Plan

An employee who voluntarily terminates his or her employment prior to an AICP payout date will generally not receive an AICP payment. Under the Executive Severance Plan, an executive officer who completes at least three months of employment in the calendar year in which he or she qualifies for severance under the Executive Severance Plan, would receive a pro rata amount of any bonus the executive officer is eligible to receive for that year under the AICP. This pro rata amount would reflect the executive officer's completed months of service in that year. The amount of any such bonus would depend on the extent that the applicable business performance goals are met (and will be subject to any applicable committee approvals); and also on the executive officer's individual performance while still employed by Grace, provided that the individual performance criteria won't be used to reduce, or increase, the amount of the executive's bonus entitlement by more than 25 percent, based on the determination of the executive's former management at Grace. Any pro rata bonus to which he or she becomes entitled would be paid at the same time as bonuses are paid to actively employed eligible employees (normally in March after the calendar year to which the bonus relates).

#### Long Term Incentive Plan (Amended and Restated 2011 and 2014 Stock Incentive Plans—Performance-Based Unit (PBU) and Restricted Stock Unit (RSU) Awards)

An employee whose employment terminates prior to the payout date will forfeit any unpaid PBU or RSU award payment if employment terminates for any of the following reasons:

- voluntary termination without the consent of the Grace Compensation Committee;
- retirement under a Grace retirement plan prior to age 62 without the consent of the Grace Compensation Committee (except that for awards made after January 1, 2016, for those who leave Grace due to early retirement, with early retirement being defined as retirement with a minimum age of 55 and combined age and years of service of at least 60, PBU and RSU

awards will vest on a pro-rata basis, based on the number of completed months of service from the grant date through the retirement date); or  
• termination for cause.

An employee whose employment terminates prior to the payout date will receive a PBU or RSU award payment if employment terminates for any of the following reasons:

• retirement under a Grace retirement plan either at or after age 62;

• death or disability; or

• involuntary termination after a change in control of Grace (“change in control” means that a person beneficially owns 20% or more of the outstanding Grace common stock (but not if such ownership is the result of the sale of Grace common stock by Grace that has been approved by Grace’s Board of Directors or pursuant to a plan of reorganization that is confirmed and effective), the failure of Board-nominated directors to constitute a majority of any class of the Grace Board of Directors, the occurrence of a corporate transaction in which the stockholders of Grace immediately preceding such transaction do not own more than 50% of the combined voting power of the entity resulting from such transaction, or the liquidation or dissolution of Grace).

In the discretion of the Grace Compensation Committee, an employee whose employment terminates for a reason that is not described above (i.e. involuntary termination not for cause or transfer to the buyer of a Grace business unit) prior to the payout date may receive a PBU or RSU award payment. If an employee whose employment terminates prior to the end of a PBU or RSU performance period receives a PBU or RSU award payment for that performance period, the amount of the PBU or RSU award payment will generally be prorated for the period of the employee’s service during the performance period and paid at the time the award is paid to active Grace employees. The description of the Amended and Restated 2011 and 2014 Stock Incentive Plans and the PBU Awards and RSU Awards in this Proxy Statement does not purport to be complete and is qualified in its entirety by reference to the text of the Amended and Restated 2011 and 2014 Stock Incentive Plans, the Form of Performance-based Unit Grant Agreement and the Form of Restricted Stock Unit Grant Agreement, which are filed with the SEC.

Long Term Incentive Plan (2011, Amended and Restated 2011 and 2014 Stock Incentive Plans—Stock Option Awards)

Any stock option held by an employee whose employment terminates prior to exercise will terminate:

• when employment terminates, if employment terminates voluntarily, without the consent of the Grace Compensation Committee, or for cause, except that

- for awards made after January 1, 2016, for those who leave Grace due to retirement, being defined as retirement with a minimum age of 55 and combined age and years of service of at least 60, Stock Option awards will vest on a pro-rata basis, based on the number of completed months of service from the grant date through the retirement date; and

A participant who voluntarily leaves the company may exercise vested 2016 stock option awards any time within 45 days following the last day of employment (rather than the previous requirement to exercise by the last day of employment).

three years after employment terminates, if employment terminates due to death or incapacity; for awards made prior to January 1, 2016, three years after employment terminates, if employment terminates due to retirement with a minimum age of 55 and at least one year of service under a Grace retirement plan, provided the employee continues to serve Grace until the first installment of the stock option becomes exercisable; or three months (subject to extension by the Grace Compensation Committee for up to three years) after employment terminates, if employment terminates for another reason; however, if the holder dies or becomes incapacitated during the three-month period (or such longer period as the Compensation Committee approves) the option shall terminate three years after employment termination.

In the event of a Change in Control, any Grace stock options outstanding under the 2011, Amended and Restated 2011 and 2014 Stock Incentive Plans that are not exercisable and vested, shall become fully exercisable and vested to the full extent of the original grant. For purposes of the 2011, Amended and Restated 2011 and 2014 Stock Incentive Plans, “change in control” means:

- the acquisition of 20% or more of the outstanding common stock of Grace (but not if such acquisition is the result of the sale of Grace common stock by Grace that has been approved by Grace’s Board of Directors);
- the failure of Board-nominated directors to constitute a majority of any class of the Grace Board of Directors;
- the occurrence of a transaction in which the stockholders of Grace immediately preceding such transaction do not own more than 50% of the combined voting power of the entity resulting from such transaction; or
- the liquidation or dissolution of Grace.

The description of the 2011, Amended and Restated 2011 and 2014 Stock Incentive Plans—Stock Option Awards in this Proxy Statement does not purport to be complete and is qualified in its entirety by reference to the text of the 2011, Amended and Restated 2011 and 2014 Stock Incentive Plans and the Form of Stock Option Grant Agreement, which are filed with the SEC.

GENERAL INFORMATION

Annual Report

Our 2016 Annual Report, containing audited financial statements, accompanies this Proxy Statement. Stockholders may also obtain a copy of the Form 10-K (including the financial statements and any financial statement schedules), without charge, upon written request to:

W. R. Grace & Co.

Attention: Grace Shareholder Services

7500 Grace Drive

Columbia, Maryland 21044

Other Matters

Our Board knows of no other matters that will be presented at the Annual Meeting, but if other matters do properly come before the Annual Meeting, it is intended that the persons named in the proxy will vote according to their best judgment.

The expenses of preparing, printing and mailing this notice of meeting and proxy materials, making them available over the Internet, and all other expenses of soliciting proxies will be borne by us. In addition, our directors, officers and employees, who will receive no compensation in addition to their regular salary or other compensation, may solicit proxies by personal interview, mail, telephone, facsimile, e-mail, Internet or other means of electronic transmission.

On behalf of the Board of Directors,

Mark A. Shelnitz

Vice President, General Counsel and Secretary

Dated: March 28, 2017

## ANNEX A

## Important Information Concerning GAAP and Non-GAAP Financial Measures

In this Proxy Statement, we present financial information in accordance with U.S. GAAP, as well as non-GAAP financial information. Stockholders are directed to Part II, Item 8 on page 27 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, our "2016 Form 10-K", and the information incorporated therein from the Financial Supplement of our 2016 Form 10-K, for financial information presented in accordance with U.S. GAAP. The non-GAAP financial measures should not be considered as a substitute for financial measures calculated in accordance with U.S. GAAP, and the financial results calculated in accordance with U.S. GAAP and reconciliations from those results should be evaluated carefully.

For information on non-GAAP financial measures, stockholders should refer to the "Analysis of Operations," "Grace Overview," "Segment Overview-Grace Catalysts Technologies," "Segment Overview-Grace Materials Technologies," and "Corporate Overview" sections of Management's Discussion and Analysis of Financial Condition and Results of Operations in the Financial Supplement of our 2016 Form 10-K on pages F-60 through F-72. We believe that the non-GAAP financial information provides useful supplemental information about the performance of our businesses, improves period-to-period comparability and provides clarity on the information our management uses to evaluate the performance of our businesses. In our 2016 Form 10-K, and below, we have provided reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

## How we define and calculate certain non-GAAP financial measures

We define Adjusted EBIT (a non-GAAP financial measure) to be income from continuing operations attributable to W. R. Grace & Co. shareholders adjusted for interest income and expense; income taxes; costs related to Chapter 11, and legacy product and environmental; restructuring and repositioning expenses and asset impairments; pension costs other than service and interest costs, expected returns on plan assets, and amortization of prior service costs/credits; income and expense items related to divested businesses, product lines, and certain other investments; gains and losses on sales of businesses, product lines, and certain other investments; third-party acquisition-related costs and the amortization of acquired inventory fair value adjustment; and certain other items that are not representative of underlying trends.

We define Adjusted Free Cash Flow (a non-GAAP financial measure) to be net cash provided by or used for operating activities from continuing operations minus capital expenditures plus cash flows related to Chapter 11, and legacy product and environmental; cash paid for restructuring and repositioning; capital expenditures related to repositioning; cash paid for third-party acquisition-related costs; and accelerated payments under defined benefit pension arrangements.

We define Adjusted Net Sales (a non-GAAP financial measure) as net sales adjusted for the difference between actual foreign currency exchange rates and annual operating plan exchange rates.

We define Adjusted Earnings Per Share (EPS) (a non-GAAP financial measure) to be diluted EPS from continuing operations adjusted for costs related to Chapter 11, and legacy product and environmental; restructuring and repositioning expenses and asset impairments; pension costs other than service and interest costs, expected returns on plan assets, and amortization of prior service costs/credits; income and expense items related to divested businesses, product lines, and certain other investments; gains and losses on sales of businesses, product lines and certain other investments; third-party acquisition-related costs and the amortization of acquired inventory fair value adjustment; certain other items that are not representative of underlying trends; and certain discrete tax items.

We use Adjusted EBIT, Adjusted Free Cash Flow, Adjusted Net Sales, and Adjusted EPS as performance measures in determining certain incentive compensation. We use Adjusted EBIT as a

performance measure because it provides improved period-to-period comparability for compensation purposes, by excluding the earnings effects of our Chapter 11 proceedings, legacy product and environmental matters, restructuring and repositioning activities, divested businesses, and the effects of acquisitions. Adjusted EBIT, Adjusted Free Cash Flow, Adjusted Net Sales, and Adjusted EPS, do not purport to represent income measures as defined under U.S. GAAP, and should not be used as alternatives to such measures as an indicator of our performance. These measures may have material limitations due to the exclusion or inclusion of amounts that are included or excluded, respectively, in the most directly comparable measures calculated and presented in accordance with U.S. GAAP and thus investors and others should review carefully the financial results calculated in accordance with U.S. GAAP.

#### Reconciliations

##### Adjusted Free Cash Flow

As set forth in the following table, for 2016, Adjusted Free Cash Flow was as follows.

(In millions)	Year Ended	
	December 31,	
	2016	2015
Cash flow measure:		
Net cash provided by (used for) operating activities from continuing operations	\$267.5	\$(189.8)
Capital expenditures	(116.9 )	(118.8 )
Free Cash Flow	150.6	(308.6 )
Cash paid for repositioning	35.5	38.6
Cash paid for Chapter 11, and legacy product and environmental	24.6	507.4
Cash paid for restructuring	16.0	5.6
Capital paid for taxes related to repositioning	5.0	6.1
Cash paid for third-party acquisition-related costs	2.3	—
Capital expenditures related to repositioning	2.0	7.5
Adjusted Free Cash Flow	\$236.0	\$256.6

##### Adjusted Net Sales

As set forth in the following table, for 2016, Adjusted Net Sales were as follows.

	(in millions)
Net sales	\$1,598.6
Currency adjustment	(0.3 )
2016 AICP Adjusted Net Sales	\$1,598.3



#### Forward-Looking Statements

This Proxy Statement, contains, and our other public communications may contain, forward-looking statements; that is, information related to future, not past, events. Such statements generally include the words "believes," "plans," "intends," "targets," "will," "expects," "suggests," "anticipates," "outlook," "continues" or similar expressions. Forward-looking statements include, without limitation, all statements regarding: expected financial positions; results of operations; cash flows; financing plans; business strategy; operating plans; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost reduction initiatives, plans and objectives; and markets for securities. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act. We are subject to risks and uncertainties that could cause our actual results to differ materially from our projections or that could cause other forward-looking statements to prove incorrect. Factors that could cause actual events to materially differ from those contained in the forward-looking statements include those factors set forth in our 2016 Form 10-K. Our reported results should not be considered as an indication of our future performance. Readers are cautioned not to place undue reliance on our projections and forward-looking statements, which speak only as of the date thereof. We undertake no obligation to publicly release any revisions to the projections and forward-looking statements contained in this document, or to update them to reflect events or circumstances occurring after the date of this document. In addition to general economic, business and market conditions, we are subject to other risks and uncertainties, including, without limitation, the Risk Factors set forth in our 2016 Form 10-K.

Shareowner Services  
P.O. Box 64945  
St. Paul, MN 55164-0945

Vote by Internet, Telephone  
or Mail  
24 Hours a Day, 7 Days a  
Week

Your phone or Internet vote  
authorizes the named  
proxies to vote your shares in  
the same manner as if  
you marked, signed and  
returned your proxy card.

INTERNET/MOBILE –  
www.proxypush.com/gra  
Use the Internet to vote  
: your proxy until 11:59  
p.m. (ET) on May 8,  
2017. Scan code below  
for mobile voting.

PHONE – 1-866-883-3382  
Use a touch-tone  
( telephone to vote your  
proxy  
until 11:59 p.m. (ET) on  
May 8, 2017.

MAIL — Mark, sign and  
date your proxy card and  
\* return it in the  
postage-paid envelope  
provided.

If you vote your proxy by  
Internet or by Telephone, you  
do NOT need to mail back  
your Proxy Card.

ò Please detach here ò

See reverse for voting instructions.



The Board of Directors recommends a vote FOR all nominees, and FOR Proposals 2 and 3.

Election

1. of directors:

Nominees – Class III  
(Term expiring 2020):

FOR AGAINST ABSTAIN

H.

01 Furlong ..  
Baldwin

Alfred

02 E. ..  
Festa

Christopher

03 J. ..  
Steffen

Ratification of the appointment of

2. PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017 .. FOR .. AGAINST .. ABSTAIN

Advisory vote to approve named executive officer

3. compensation as described in our proxy materials .. FOR .. AGAINST .. ABSTAIN

THE SHARES REPRESENTED BY THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Address Change? Mark box, sign, and indicate changes below: "

Date

Signature(s)  
in Box

Edgar Filing: W R GRACE & CO - Form DEF 14A

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

See reverse for voting instructions.

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W. R. GRACE & CO.  
ANNUAL MEETING OF STOCKHOLDERS  
Tuesday, May 9, 2017  
9:00 a.m. Eastern Time  
Ten Oaks Ballroom  
5000 Signal Bell Lane  
Clarksville, Maryland 21029

Important Notice Regarding the Availability of Proxy Materials  
for the Stockholder Meeting To Be Held on May 9, 2017:

The Notice of Annual Meeting of Stockholders and Proxy Statement and Annual Report are available at  
[proxymaterials.grace.com](http://proxymaterials.grace.com)

proxy

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Proxy Solicited by Board of Directors for Annual Meeting — May 9, 2017

Fred Festa and Mark Shelnitz, or either of them, each with the power of substitution, are hereby appointed as proxies and are hereby authorized to represent and vote all the shares of the undersigned as designated on the reverse side of this ballot, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of W. R. Grace & Co. to be held on Tuesday, May 9, 2017, at 9:00 a.m. Eastern Time or at any postponement or adjournment thereof. The undersigned hereby acknowledges receipt of the accompanying Notice of 2017 Annual Meeting of Stockholders and Proxy Statement and revokes any proxy heretofore given with respect to such meeting or any postponement or adjournment thereof.

The shares represented by this proxy, when properly executed, will be voted in the manner directed herein. If no such directions are indicated, the shares represented by this proxy, when properly executed, will be voted FOR all the nominees, and FOR Proposals 2 and 3.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any postponement or adjournment thereof.

See reverse for voting instructions.