August 2, 1955

Mr. Sherman R. Hill
Chief, Project [illegible]
Bureau of Investigation
Federal Trade Commission
Washington 25, D. C.

Dear Mr. Hill:

Re: File #541149[illegible]

Attached hereto is a memorandum setting forth the questions contained in your letter of April 19, 1955, addressed to W. R. Grace & Co. and our answers thereto.

We have attempted to answer these questions as fully as possible. If for any reason you would like to confer with us, we would be glad to sit down with you at any time and, of course, furnish such additional information as you may desire.

Yours very truly,

W. R. GRACE & CO.

Vice President and
Treasurer

Attachment

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MEMORANDUM COVERING QUESTIONS POSED BY
THE FEDERAL TRADE COMMISSION,
BUREAU OF INVESTIGATION
UNDER LETTER DATED APRIL 19, 1955

Question 1. (a) Submit copies of contracts, options and agreements, relating to the acquisition by W. R. Grace & Company of the common shares of Davison Chemical Corporation and the final merger of these interests.

Answer:

Exhibit I

Letters dated July 1st and July 3, 1953 between Mr. A. B. Shea, First Vice President of W. R. Grace & Co., and Mr. Robert W. Purcell, President of Investors Diversified Services Inc. These letters were in regard to the issuance by Grace of 75,218 shares of common stock to Investors Mutual Inc. and Investors Stock Fund Inc. for 51,875 shares of the common stock of Davison Chemical Corporation.

Exhibit II

Letter dated September 4, 1953 signed by Winthrop C. Lenz, General Partner of Merrill Lynch, Pierce, Fenner & Beane and confirmed by Mr. A. S. Rupley, Vice President of W. R. Grace & Co. This letter was in regard to an offering made on September 4, 1953 by W. R. Grace & Co. to the holders of the common stock of the Davison Chemical Corporation to purchase up to a maximum of 180,000 shares of the common stock of the latter corporation at $40 per share. There are also submitted copies of the letters dated September 4, 1953 and September 9, 1953 from Merrill Lynch, Pierce, Fenner & Beane to the holders of the

(iii) Silicofluorides

American Agricultural Chemicals
Harshaw Chemical Co.

Question 15. (d) List the names and addresses of each supplier from whom Davison in 1953 and 1954 made more than 5 percent of its purchases of sodium silicate.

Answer: During 1953 and 1954 each of the following suppliers furnished Davison with more than 5 percent of its purchases of sodium silicate:

Diamond Alkali Company, Cleveland, Ohio
Philadelphia Quartz Company, Philadelphia, Pa.
Grasselli Chemical Division of E. I. duPont deNemours & Co., Inc., Wilmington, Del.

Question 16. Give the correct corporate title, the mailing address and the state and date of incorporation of the Dewey & Almy Chemical Co.

Answer: The correct corporate title prior to the merger was Dewey and Almy Chemical Company.

The mailing address of Dewey and Almy Chemical Company is 62 Whittemore Avenue, Cambridge 40, Massachusetts.

Dewey and Almy Chemical Company was incorporated in the state of Massachusetts on June 12, 1919.

Question 17. Please submit copies of the following materials: (a) contracts, options, and agreements relating to the merger; (b) annual reports of the Dewey & Almy Chemical Co. for the last five years; (c) its latest product catalogue; and (d) its most comprehensive recent registration statement, its prospectus, solicitation of proxy statement, and statement listing its securities on any security exchange.

Answer: (a) Attached as Exhibit X is a copy of the merger agreement between Dewey and Almy Chemical Company and W. R. Grace & Co. There are no other contracts, options or agreements relating to the merger.

(b) Attached as Exhibit XI is a copy of the annual reports of Dewey and Almy Chemical Company for the years 1949 through 1953, the last five full years during which this corporation was in existence. No annual report was published for the year 1954 as the company had been merged with W. R. Grace & Co.

(c) Attached as Exhibit XII is a copy of the latest product catalogue for Dewey and Almy Chemical Company.

(d) Attached as Exhibit XIII is a copy of Dewey and Almy Chemical Company's most recent registration statement as amended dated May 1951.

Dewey and Almy Chemical Company's most recent prospectus was also issued in May 1951 and is incorporated in the registration statement.

The securities of Dewey and Almy Chemical Company have never been registered on any exchange, consequently the company has never issued a proxy statement or executed a listing statement.

Question 18. (a) What specific properties have been acquired: securities, other intangibles, plant, equipment, distribution properties, or others?

Answer: The properties acquired by W. R. Grace & Co. as a result of the merger with Dewey and Almy Chemical Company are as follows:

Securities and Investments

Interest in American Synthetic Rubber Corporation, a Delaware corporation; interest in International Machinery Corporation, a Belgian corporation; 100% interest (except for qualifying shares) in the following foreign and domestic corporations which were formerly subsidiaries of Dewey and Almy: Dewey and Almy, Company, Dewey and Almy Inter-American Company, Dewey and Almy Overseas Company, (all domestic companies); Dewey and Almy Chemical Company of Canada, Limited (Canadian company); Dewey and Almy, Limited (British company); Dalex, Limited (British company); Dewalco S.A.R.L. (French company); Darex Italiana S.p.A. (Italian company); Dewey and

Almy Proprietary, Limited (Australian company); Produtos Quimicos "Darex" Limitada (Brazilian company); a 70% interest in Dewey and Almy (Argentina) Sociedad Anonima Industrial y Commercial (Argentine company), formerly a subsidiary of Dewey and Almy; a 50% plus one share interest in Darex S.A. (French company), formerly a subsidiary of Dewey and Almy.

Plant

The plants acquired are listed in answer to question 18 (b) below.

Equipment

The equipment acquired was the machinery, furniture, fixtures, supplies and the like that the plants referred to in question 18 (b) below were equipped with at the time of the merger.

Distribution Properties

No distribution properties were acquired.

Question 18. (b) Identify and locate each plant (establishment) acquired and list the products or product-lines of each.

Answer: Each of the plants acquired by W. R. Grace & Co. as a result of the merger with Dewey and Almy Chemical Company and the products of these plants are listed on the following page:

1. Plant at Acton, Massachusetts. Products manufactured: battery separators, sealing compositions, adhesives, organic chemicals.

2. Plant at Cambridge, Massachusetts. Products manufactured: sealing compositions, adhesives, construction specialties, shoe products, organic chemicals, meteorological balloons, Soda Lime, machinery .

3. Plant at Adams, Massachusetts. Products manufactured: shoe products, printing products.

4. Plant at Lockport, New York. Products manufactured: plastic (CRYOVAC) products.

5. Plant at Chicago, Illinois. Products manufactured: sealing compositions, construction specialties.

6. Plant at Cedar Rapids, Iowa. Products manufactured: plastic (CRYOVAC) products.

7. Plant at San Leandro, California. Products manufactured: sealing compositions, construction specialties, adhesives.

8. Plant at LaSalle, Montreal, Quebec, owned by Canadian subsidiary. Products manufactured: sealing compositions, shoe products, construction specialties, Soda Lime, adhesives.

9. Plant at London, England, leased by British subsidiary. Products manufactured: sealing compositions, adhesives, construction specialties.

10. Plant at Epernon, France, owned by French subsidiary. Products manufactured: sealing compositions, construction specialties, adhesives, Soda Lime.

11. Plant at Naples, Italy, owned by Italian subsidiary. Products manufactured: sealing compositions, construction specialties.

12. Plant at Melbourne, Australia, owned by Australian subsidiary. Products manufactured: sealing compositions, plastic (CRYOVAC) products, adhesives, Soda Lime.

13. Plant at Quilmes, Argentina, owned by Argentine subsidiary. Products manufactured: sealing compositions, construction specialties, adhesives, Soda Lime.

14. Plant at Leopoldina, Brazil, leased by Brazilian subsidiary. This plant was not in operation at the time of the merger. Present products manufactured: sealing compositions.

Question 19. How will the operations of the Dewey & Almy Chemical Co. be fitted into the operations of W. R. Grace and subsidiaries?

Answer: The Dewey and Almy Chemical Company is being operated as a division of the parent company, W. R. Grace & Co. (Conn.).

Mr. Hugh S. Ferguson, former president of Dewey and Almy Chemical Company has been elected President of the Division, and the other officers of the Company were elected officers of the Division.

It is not contemplated at the present time that any of the operations of the Dewey and Almy Chemical Company Division will be integrated into any of the other operations of W. R. Grace & Co. or its subsidiaries.

Question 20. Identify and locate each of the plants (establishments) of your company and each of its subsidiaries manufacturing products listed in answer to question 18 (b).

Answer: W. R. Grace & Co. and subsidiaries do not manufacture any of the products listed for Dewey and Almy Chemical Company under question 18 (b).

Question 21. List the products or product-lines of the Dewey & Almy Chemical Co. which can be used by W. R. Grace and subsidiaries. Show for 1953 the dollar value of the purchases by W. R. Grace and subsidiaries of each such product or product-line (1) from the Dewey & Almy Chemical Co. and (2) from all sources. For each product or product-line listed, show also the dollar value of sales by the Dewey & Almy Chemical Co. in 1953 and 1954.

Answer: It is not believed that any of the products produced by Dewey and Almy Chemical Company will be used by W. R. Grace or subsidiaries except in negligible amounts.

Sales by Dewey and Almy Chemical Company to W. R. Grace & Co. and subsidiaries in 1953 were as follows:

Sealing Compounds	$ 766
Adhesives	450
Printing Products	1,696

In view of the negligible amounts involved it is not felt that dollar value of Grace's purchase of these materials from all sources is pertinent. Such information is not available from company records.

For similar reasons total dollar value of sales by Dewey and Almy Chemical Company of these products is not felt to be pertinent.

Question 22. Identify the chief competitors of the Dewey & Almy Chemical Co. during 1953 and designate their competitive products.

Answer: The chief competitors of the Dewey and Almy Chemical Company during 1953 were as follows:

1. In regard to rubber, synthetic rubber, and synthetic resin compositions -- companies such as Goodrich, Goodyear, Firestone and American Can.

2. In regard to battery separators -- U. S. Rubber, Owens Corning Fibre Glass, Pittsburgh Plate Glass, Texon Inc., and American Hard Rubber Company.

3. In regard to organic chemicals -- all chemical companies, including du Pont, Monsanto, Hercules, and Dow.

4. In regard to plastic (CRYOVAC) products -- the manufacturers and converters of plastic products, of which there are a great many, including such representative companies as du Pont, Dow, Goodrich, Visking, and Continental Can.

Question 23. State your reasons for the acquisition.

Answer: Studies having been made looking towards investment opportunities in profitable growth industries, the chemical industry was selected as the field in the United States which seemed to offer the soundest prospects of growth and at the same time appeared to be in the range of the corporation's financial and management potentials.

Furthermore, W. R. Grace & Co. has for many years been a leader in industrial development in certain countries in South America. The goods manufactured are largely basic items such as textiles, flour, cement, paint, sugar, etc. It became apparent to the management after the war that in order to bring more complex highly developed know-how to South America, it was absolutely essential that W. R. Grace & Co. have a technical staff in the United States. Since the company was in so many chemical process industries in South America - paper, paint, sugar, etc. - the chemical industry was the logical activity to provide progressive know-how to South American businesses.

Chemistry is a broad field, basically organic and inorganic. The company having acquired know-how in the inorganic field felt it needed organic and specialty chemical know-how in order to achieve additional diversification and to broaden its technical know-how in connection with further expansion in South America. The opportunity to merge with Dewey and Almy Chemical Company presented an ideal opportunity to do this as Dewey and Almy had been developing and manufacturing various lines of chemical products, none of which was similar to products produced or sold by W. R. Grace & Co.

The directors and the management were impressed by the sound organization, both from an operating and research viewpoint, of Dewey and Almy Chemical Company. The effect of the merger would be to make available to W. R. Grace & Co. the benefits of the know-how of Dewey and Almy's management and of its well-developed and functioning research activities.