

PLAINTIFF'S
EXHIBIT
WRG-947A

Mr. William H. Hill
Federal Bureau of Investigation
Federal Trade Commission
Washington 25, D.C.

Dear Mr. Hill:

Re: File #511149

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

10016724

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 10016725 September 4, 1953 and September 9, 1953 from Merrill Lynch, Pierce, Fenner & Beane to the holders of the

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common stock of the Davison Chemical Corporation and to security dealers regarding this offering.

Exhibit III

Letter dated November 9, 1953 signed by

Mr. George J. Leness, 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 November 9, 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 100,000 shares of the common stock of the latter corporation at \$40 per share. There are also submitted copies of the letters dated November 9, 1953 from Merrill Lynch, Pierce, Fenner & Beane to the holders of the common stock of the Davison Chemical Corporation and to security dealers regarding this offering.

Exhibit IV

The agreement and articles of merger dated April 22, 1954.

- Question 1. (b) Submit copies of minutes of meetings of the Board of Directors of W. R. Grace & Company relating to its acquisition of the common shares of Davison Chemical Corporation, and the merger. Submit similar documents concerning corporate actions by the Davison Chemical Corp.

Appendix

The minutes of meetings of the Board of Directors of W. R. Grace & Co. prior to June 20, 1952 which related to the acquisition were submitted with our letter to the Federal Trade Commission dated June 20, 1952.

Pertinent minutes of meetings of the Board of Directors of W. R. Grace & Co. subsequent to June 20, 1952 follow as do similar minutes of the Davison Chemical Corporation commencing with the meeting of the Board of Directors held May 24, 1951.

(Grace minutes appear on pages 3-16, Davison minutes on pages 17-36.)

W. R. GRACE & CO.

Regular Meeting of Board of Directors - September 18, 1952

On motion duly adopted, the management was authorized to negotiate with Davison Chemical Corporation for the acquisition of all of the assets of said corporation in exchange for our common stock on the basis of not more than 1.3 shares of our common stock for 1 share of Davison common stock as presently outstanding.

Regular Meeting of Board of Directors - October 16, 1952

The President reported on discussions with officials of Davison Chemical Corporation in respect to our acquisition of their assets in exchange for our common stock.

Regular Meeting of Board of Directors - October 29, 1952

There was discussion as to the basis for exchange of our common stock for assets of Davison Chemical Corporation.

Regular Meeting of Board of Directors - December 4, 1952

The following capital appropriations were authorized:

By W. R. Grace & Co. (Conn.)

Exercise of warrants to purchase
30,350 shares of additional
Common Stock of Davison Chemical
Corporation at \$34.50 per share **\$1,047,075**

By W. R. Grace & Co. (Conn.)

Purchase of securities of Davison
Chemical Corporation, as follows:

Common Stock on the open market
Rights for Common stock
Unsubscribed share of the new
issue of common stock

The price of these purchases is not
to exceed an average of \$40 per share
and total purchase cost under this
operation is not to exceed

\$3,000,000

By W. R. Grace & Co. (Conn.)

To acquire the common stock of Davi-
son Chemical Corporation controlled
by Investors Diversified Syndicate
by exchange of W. R. Grace & Co.
common stock at a basis of not
more than 1.3 shares of Grace
stock for each share of Davison,
as follows:

	<u>Davison Stock</u>	<u>Equivalent Grace Stock</u>
Present stock of In- vestors Diversified Syndicate	41,500	53,950
Potential stock through exercise of rights	<u>10,375</u>	<u>13,487½</u>
Maximum	<u>51,875</u>	<u>67,437½</u>
Approximate value of Grace Stock (12/3/52 quotation of 31½ bid, 31-3/4 asked)		\$2,125,000

Adjourned Regular Meeting of Board of Directors - December 11, 1952

"Mr. Oehlert reported purchase of 12,987 1/2 shares of common stock of Davison Chemical Corporation at an average cost of \$39.63 per share."

Regular Meeting of Board of Directors - December 18, 1952

"Mr. Rupley reported securities movement since the last meeting, including acquisition since December 4, of 30,350 shares of common stock of Davison Chemical Corporation at a cost of \$34.50 per share as a result of exercise of rights from our previous holdings, and 20,044 shares at an average cost of \$39.74 per share by purchase of shares or rights in the open market."

Regular Meeting of Board of Directors - January 5, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since December 18th of 600 shares of common stock of Davison Chemical Corporation at an average cost of \$38.57 per share."

Regular Meeting of Board of Directors - January 12, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since January 5th of 1,900 shares of Common Stock of Davison Chemical Corporation at an average cost of \$38.57 per share."

Regular Meeting of Board of Directors - February 5, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since January 11th of 2,300 shares of common stock of Davison Chemical Corporation at an average cost of \$38.96 per share."

Regular Meeting of Board of Directors - February 19, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since February 5th of 1,700 shares of common stock of Davison Chemical Corporation at an average cost of \$37.17 per share."

Regular Meeting of Board of Directors - March 5, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since February 19th of 600 shares of common stock of Davison Chemical Corporation at an average cost of \$37.37 per share."

Regular Meeting of Board of Directors - April 16, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since April 2nd of 300 shares of common stock of Davison Chemical Corporation at an average cost of \$35.25 per share."

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Regular Meeting of Board of Directors - May 7, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since April 16th of 1,300 shares of common stock of Davison Chemical Corporation at an average cost of \$33.91 per share."

Regular Meeting of Board of Directors - May 21, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since May 7th of 200 shares of common stock of Davison Chemical Corporation at an average cost of \$34.27 per share."

Regular Meeting of Board of Directors - June 4, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since May 21st of 700 shares of common stock of Davison Chemical Corporation at an average cost of \$34.29 per share."

Regular Meeting of Board of Directors - June 18, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since June 4th of 200 shares of common stock of Davison Chemical Corporation at an average cost of \$33.76 per share."

Regular Meeting of Board of Directors - July 2, 1953

"The President reported securities movement since the last meeting, including acquisition since June 18th of 900 shares of common stock of Davison Chemical Corporation at an average cost of \$32.64 per share."

"Mr. Shea reported that after consultation with as many directors as he could reach by telephone, and being more than a majority of the Board, he had entered into verbal agreement with Investors Mutual Inc., Investors Stock Fund Inc. and Investors Diversified Services, Inc., whereby this corporation would acquire 33,125 shares of common stock of Davison Chemical Corporation from Investors Mutual Inc. and 18,750 shares of common stock of Davison Chemical Corporation from Investors Stock Fund, Inc. in exchange for common stock of this corporation, in the ratio of 1.45 shares of such common stock for each such share of Davison Chemical Corporation common stock, and had confirmed such agreement in writing; that written acknowledgment by Investors Mutual Inc., Investors Stock Fund Inc. and Investors Diversified Services, Inc. is expected shortly."

"On motion duly adopted, the action of Mr. Shea in entering into such oral agreement and confirming same in writing was approved, ratified and confirmed."

Regular Meeting of Board of Directors - July 2, 1953 (Cont'd)

"On motion duly made and seconded, the following resolution was adopted:

WHEREAS, the stockholders of this corporation, at a special meeting duly called and held on the 1st day of December, 1952, authorized the issuance of up to and including 150,000 shares of common stock of this corporation, without nominal or par value, in exchange for stock of other corporations as determined by the Board of Directors, and authorized the Board of Directors to fix the value or consideration for issuance of such shares and other terms and conditions,

NOW, THEREFORE, BE IT

RESOLVED that 48,031 shares of common stock of this corporation, without nominal or par value, be issued to Investors Mutual Inc. and 27,187 shares of common stock of this corporation, without nominal or par value, be issued to Investors Stock Fund Inc. in exchange for transfer to this corporation of 33,125 shares of common stock of Davison Chemical Corporation and 18,750 shares of common stock of Davison Chemical Corporation respectively."

Regular Meeting of Board of Directors - July 16, 1953

"Mr. Shea reported that agreement for our acquisition of 51,875 shares of common stock of Davison Chemical Corporation from Investors Mutual Inc. and Investors Stock Fund Inc. in exchange for 75,218 shares of our common stock, had been confirmed in writing on July 3, 1953; that the mean between the high and low sales prices on the New York Stock Exchange of our common stock on that date resulted in a total valuation of 75,218 shares of our common stock of \$1,979,173.00

"On motion duly made and seconded, it was

RESOLVED that the value of the consideration for the issuance of 75,218 shares of our common stock to be issued in exchange for 51,875 shares of common stock of Davison Chemical Corporation be and the same hereby is fixed at \$1,979,173.00, of which \$752,180 will be credited to Capital, \$992,117 will be credited to Capital Surplus, and \$234,876 will be credited to "Reserve for Miscellaneous Investments.

Regular Meeting of Board of Directors - July 16, 1953 (cont'd.)

"On motion duly adopted, it was

RESOLVED that the Chairman, the President or any Vice President and the Secretary or any Assistant Secretary of this Corporation be and they are hereby authorized and empowered, for and in behalf of this Corporation and as its corporate act and deed, to take any and all of the following actions in connection with the issuance of 75,218 shares of the Common Stock of this Corporation pursuant to a resolution of this Board adopted July 2, 1953:

1. To execute and file with the New York Stock Exchange an appropriate listing application and amendments thereto embodying such changes therein or additions thereto as such officers may deem necessary or advisable for the listing of the aforesaid shares to be issued, and in connection therewith to file such data and to enter into such agreements with such Stock Exchange as may be necessary or deemed advisable in connection with and to effect such listing.

2. To execute and file with the Securities and Exchange Commission and the New York Stock Exchange an appropriate registration statement on Form 8-A and amendments thereto embodying such changes therein or additions thereto as such officers may deem necessary or advisable for the registration of the aforesaid shares under the provisions of the Securities Exchange Act of 1934, and in connection therewith to file such other forms, documents and papers as may be necessary or deemed advisable.

3. To make such payments of fees and expenses, to execute and deliver such other documents and papers and to do and perform any and all other acts and things as may be deemed by them necessary or advisable in connection with the foregoing resolution."

"On motion duly adopted, it was

RESOLVED that the authority heretofore granted the GRACE NATIONAL BANK OF NEW YORK, as transfer agent, and CHEMICAL BANK & TRUST COMPANY, as registrar, for the transfer and registration of certificates for shares of the Common Stock of this Corporation, of which 2,610,000 full shares are at present issued and outstanding, be and hereby is extended to include an additional 75,218 shares of such Common Stock; and further

Regular Meeting of Board of Directors - July 16, 1953 (Cont'd.)

"RESOLVED that for the original issue of said additional 75,218 shares of Common Stock, the GRACE NATIONAL BANK OF NEW YORK, as transfer agent, is hereby authorized and directed to countersign as transfer agent and record in its transfer records, and deliver to CHEMICAL BANK & TRUST COMPANY, registrar, for registration, and when countersigned by said registrar, to deliver certificates in such names and for such numbers of shares as the Chairman, the President or a Vice President of this Corporation may in writing direct, duly attested by the Secretary or an Assistant Secretary, under the seal of this Corporation; and further

"RESOLVED that the proper officers of this Corporation be and they hereby are authorized to file certified copies of these resolutions with said transfer agent and said registrar, and do any and all acts and things necessary to effectuate these resolutions."

Regular Meeting of Board of Directors - September 3, 1953

"Mr. Rupley reported securities movement since the last meeting, including acquisition since August 20th of 200 shares of common stock of Davison Chemical Corporation at an average cost of \$36.28 per share, and 710 shares of W. R. Grace & Co. common stock at an average cost of \$25.58 per share."

"There was discussion in respect to making an offer to the holders of common stock of Davison Chemical Corporation to purchase their shares for cash. Mr. Leness of Merrill Lynch, Pierce, Fenner & Beane, was invited into the meeting to make recommendations as to how this could best be handled.

After discussion, on motion duly adopted, it was

RESOLVED that the management be and hereby is authorized to enter into an arrangement with Merrill Lynch, Pierce, Fenner & Beane whereby that firm, as agent of this corporation, would request from holders of common stock of Davison Chemical Corporation tenders of their shares for purchase by this corporation up to a maximum of 180,000 shares at the price of \$40 per share."

Regular Meeting of Board of Directors - September 17, 1953

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The President reported acquisition of 180,000 shares of common stock of Davison Chemical Corporation pursuant to request for tenders made by Merrill Lynch, Pierce, Fenner & Beane as our agent, and the effect of this and other chemical investments on our balance sheet and P & L.

Regular Meeting of Board of Directors - October 1, 1953

"The management was authorized to purchase up to 42,000 additional shares of common stock of Davison Chemical Corporation in consultation with Merrill Lynch, Pierce, Fenner & Beane."

Regular Meeting of Board of Directors - October 15, 1953

"On motion duly adopted, it was

RESOLVED that shares of stock of The Davison Chemical Corporation held or owned and standing in the name of this corporation may be voted at any meeting of stockholders of The Davison Chemical Corporation by the President or a Vice President of this corporation, or by proxy or proxies appointed by the President or a Vice President of this corporation, any such proxy to be subject to revocation by the President or a Vice President of this corporation at any time prior to exercise of same."

Regular Meeting of Board of Directors - November 5, 1953

"Mr. Wilson reported on Davison Chemical Corporation. There was discussion on the question of increasing our investment in Davison Chemical Corporation."

Regular Meeting of Board of Directors - November 19, 1953

"Mr. Rupley reported that on November 9, 1953 he had obtained authorization by telephone from all of the Directors who had been present at the meeting of November 5th to enter into an arrangement with Merrill Lynch, Pierce, Fenner & Beane, whereby that firm, as agent of this corporation, would request from holders of common stock of The Davison Chemical Corporation tenders of their shares for purchase by this corporation up to a maximum of 100,000 shares at the price of \$40 per share; that said request for tenders had been made on the same day and pursuant thereto 100,000 shares of common stock of The Davison Chemical Corporation had been purchased at \$40. per share."

"On motion duly adopted, the purchase of 100,000 shares of common stock of The Davison Chemical Corporation at \$40 per share, pursuant to the aforesaid request for tenders, was ratified, approved and confirmed."

Regular Meeting of Board of Directors - January 7, 1954

"It was voted to rescind unused portion of capital appropriation by R. Grace & Co., authorized at meeting of the Board on December 14, 1952, for purchase of securities of Davison Chemical Corporation in the amount of \$3,000,000, such unused portion being \$1,802,910."

Regular Meeting of Board of Directors - April 15, 1954

"There was presented to the meeting proposed Agreement and Articles of Merger providing for the merger of The Davison Chemical Corporation, a Maryland corporation, with and into this Corporation, the rate for conversion of the shares of Common Stock of The Davison Chemical Corporation into Common Stock of this Corporation, the cash payment to be paid to the holders of 4.60% Cumulative Preferred Stock, Series A, of The Davison Chemical Corporation in addition to issuance of Convertible Subordinate Debentures, and the number of shares of Common Stock of this Corporation which each holder of a stock option under the Incentive Stock Option Plan of The Davison Chemical Corporation will be entitled to purchase upon exercise of such option subsequent to the effective date of the merger and the purchase price of such stock, being left blank."

"On motion duly adopted, it was

RESOLVED that the merger of The Davison Chemical Corporation with and into this Corporation will be in furtherance of the objects for which this Corporation is formed.

RESOLVED FURTHER that the Agreement and Articles of Merger, providing for the merger of The Davison Chemical Corporation with and into this Corporation, in the form submitted to this meeting, be and the same hereby is approved, subject to further authorization by this Board of the rate of conversion of Common Stock of The Davison Chemical Corporation into Common Stock of this Corporation, the cash payment to be paid to the holders of 4.60% Cumulative Preferred Stock, Series A, of The

Regular Meeting of Board of Directors - April 15, 1954 (cont'd)

Davison Chemical Corporation in addition to issuance of Convertible Subordinate Debentures, and the number of shares of Common Stock of this Corporation which each holder of a stock option under the Incentive Stock Option Plan of The Davison Chemical Corporation will be entitled to purchase upon exercise of such option subsequent to the effective date of the merger and the purchase price of such stock."

"There was also presented to the meeting proposed Indenture between this Corporation and The Chase National Bank of the City of New York, as Trustee, providing for the issuance of up to \$5,000,000 aggregate principal amount of Convertible Subordinate Debentures, due May 1, 1974 and bearing interest at 4-1/4%, a portion of which would be issued to the holders of 4.60% Cumulative Preferred Stock, Series A, of The Davison Chemical Corporation in accordance with the terms of said Agreement and Articles of Merger, the rates for conversion of said Debentures into Common Stock of this Corporation being left blank."

"There was also presented to the meeting form of application on Form T-3 for qualification of said Indenture under the Trust Indenture Act of 1939."

"On motion duly adopted, it was

RESOLVED that the Indenture between this Corporation and The Chase National Bank of the City of New York, Trustee, in the form submitted to this meeting, be and the same hereby is approved.

RESOLVED that the officers of this Corporation be and they hereby are authorized and directed, for and in the name of this Corporation, to execute

Regular Meeting of Board of Directors - April 15, 1954 (Cont'd.)

and file with the Securities and Exchange Commission under the Trust Indenture Act of 1939 an Application on Form T-3, in the form presented to this meeting, with such changes therein as the officers of the Corporation may deem necessary or advisable, for qualification under said Act of the proposed form of indenture between this Corporation and The Chase National Bank of the City of New York, as Trustee, approved at this meeting, together with all necessary amendments to said Application on Form T-3.

"On motion duly adopted, it was

RESOLVED that a special meeting of the stockholders of this Corporation be and the same hereby is called to be held at the office of the Corporation at No. 7 Hanover Square, New York, N. Y., on May 12, 1954, immediately following the adjournment of the annual meeting to be held at the same place and on the same date at 12:00 o'clock noon, Eastern Daylight Saving Time, for the following purposes:

1. Considering and approving or disapproving an Agreement and Articles of Merger providing for the merger of The Davison Chemical Corporation, a Maryland corporation, with and into this Corporation.

2. Considering and taking action upon a proposal to authorize and consent to the issuance of the maximum number of shares of the Common Stock of the Corporation which might be required pursuant to the terms of said Agreement and Articles of Merger and authorizing the Board of Directors to fix the value of the consideration for the issuance of such shares and other terms and conditions.

RESOLVED FURTHER that April 23, 1954, at the close of business, be and the same hereby is fixed as the record date for the determination of stockholders entitled to notice of and to vote at said meeting."

Adjourned Regular Meeting of Board of Directors - April 22, 1955

"There were submitted to the meeting proposed Agreement and Articles of Merger providing for the merger of The Davison Chemical Corporation with and into this Corporation and Trust Indenture providing for the issuance of Convertible Subordinate Debentures to be issued in accordance with the terms of said Agreement and Articles of Merger, each of which had been approved as to form at the meeting of the Board held April 15, 1954.

"After discussion, on motion duly adopted, it was

RESOLVED that (1) the conversion of Common Stock of The Davison Chemical Corporation into Common

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Adjourned Regular Meeting of Board of Directors - April 22, 1955 (Cont'd)

Stock of this Corporation provided for in the proposed Agreement and Articles of Merger heretofore submitted and approved by this Board will be at the rate of 1.4 shares of Common Stock of this Corporation for each one share of Common Stock of The Davison Chemical Corporation; (ii) the amount of cash to be paid to holders of the 4.60% Cumulative Preferred Stock, Series A, of The Davison Chemical Corporation in connection with the conversion of such stock into Debentures of this Corporation, as provided in said Agreement, be \$5.00 for each share of such stock so converted; (iii) each \$50 principal amount of Debentures issued by this Corporation upon conversion of shares of 4.60% Cumulative Preferred Stock, Series A, of The Davison Chemical Corporation, as provided in said Agreement, be convertible at the option of the holder thereof into 1.5 shares of Common Stock of this Corporation prior to May 1, 1959 and 1.35 shares of Common Stock of this Corporation on or after May 1, 1959 and prior to May 1, 1964; and (iv) holders of unexercised options under stock option contracts outstanding under the Incentive Stock Option Plan of The Davison Chemical Corporation, to be assumed by this Corporation under said Agreement, be entitled to purchase, if and to the extent such options are exercised after the proposed merger, 1.4 shares of Common Stock of this Corporation for each one share of Common Stock of The Davison Chemical Corporation which they would have been entitled to purchase upon exercise of such options prior to the proposed merger, the purchase price for each such share of Common Stock of this Corporation to be an amount equal to the original option price for one share of Common Stock of The Davison Chemical Corporation divided by 1.4.

RESOLVED FURTHER that the Directors of this Corporation execute an Agreement and Articles of Merger in the form presented to this meeting containing the rates of conversion as set forth in the preceding resolution, and that said Agreement and Articles of Merger be also executed in the name and on behalf of this Corporation by its President or a Vice President.

RESOLVED FURTHER that it is advisable and to the benefit and advantage of this Corporation and the stockholders thereof that The Davison Chemical Corporation be merged into this Corporation upon the terms and subject to the conditions set forth in said Agreement and Articles of Merger.

RESOLVED FURTHER that, subject to approval and execution thereof by the Directors of The Davison Chemical Corporation, the proposed Agreement and Articles of Merger as approved and executed by the Directors of this Corporation be submitted to the stockholders

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Adjourned Regular Meeting of Board of Directors - April 22, 1955 (Cont'd)

of this Corporation for their approval, and that approval thereof by such stockholders be and it hereby is recommended.

RESOLVED FURTHER that subject to requisite approval by the stockholders of this Corporation and by the stockholders of The Davison Chemical Corporation of the proposed Agreement and Articles of Merger:

(a) such Agreement and Articles of Merger be and it hereby is adopted as a plan of reorganization of this Corporation within the meaning of the United States Internal Revenue Code;

(b) the proper officers of this Corporation be and they hereby are authorized and directed to take or cause to be taken, for and in the name and on behalf of this Corporation, all such action as may be necessary or appropriate to carry out the provisions of such Agreement and Articles of Merger, including without limitation:

1. the execution and delivery of an Indenture, substantially in the form presented to this meeting, between this Corporation and The Chase National Bank of the City of New York, as Trustee, to be dated as of May 1, 1954, providing for the issuance of not in excess of \$5,000,000 aggregate principal amount of 4-1/4% Convertible Subordinate Debentures, to be dated as of May 1, 1954 and to bear interest from the effective date of the merger of The Davison Chemical Corporation into this Corporation, to mature May 1, 1974, and to be convertible at the option of the holder thereof into 1.5 shares of Common Stock of this Corporation prior to May 1, 1959 and 1.35 shares of Common Stock of this Corporation on or after May 1, 1959 and prior to May 1, 1964, with such changes therein as the officers of this Corporation approve, such approval to be evidenced by their execution of said Indenture as delivered.

2. the execution, issuance and delivery of up to \$5,000,000 aggregate principal amount of 4-1/4% Convertible Subordinate Debentures of this Corporation as may be required to carry out the terms of such Agreement and Articles of Merger;

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Adjourned Regular Meeting of Board of Directors - April 22, 1955 (Cont'd)

3. the appointment of The Chase National Bank of the City of New York as Trustee under the Indenture to be dated as of May 1, 1954;

4. the appointment of such bank or trust company as such officers may determine as agent for the payment of the Debentures and coupons appertaining thereto, for the conversion of Debentures and for service of notices and demands in respect of said Indenture and the Debentures and coupons;

5. the appointment of such bank or banks or trust company or trust companies as such officers may determine as exchange agent or agents (a) for the exchange of shares of 4.60% Cumulative Preferred Stock, Series A, of The Davis Chemical Corporation for the Debentures to be issued by this Corporation in connection with the proposed merger and (b) for the exchange of Common Stock of The Davison Chemical Corporation for Common Stock of this Corporation to be issued in connection with the proposed merger."

"There were presented to the meeting form of proxies for the Annual and Special Meetings of Stockholders to be held on May 12, 1954, which were, on motion duly adopted, approved."

"There were presented to the meeting four letters dated April 21, 1954 addressed to Metropolitan Life Insurance Company, The Travelers Insurance Company, Aetna Life Insurance Company and Connecticut General Life Insurance Co., respectively, and signed in the name and on behalf of this Corporation by Messrs. A. S. Rupley and T. C. Stockhausen, Vice Presidents, such letters agreeing to identical amendments to the promissory notes issued by this Corporation under Loan Agreements dated August 28, 1952 and held by said insurance companies, and to become effective when the Agreement and Articles of Merger with The Davison Chemical Corporation should become effective, and which had been accepted by said insurance companies."

"On motion duly made and seconded, it was

RESOLVED that the action of A. S. Rupley and T. C. Stockhausen, Vice Presidents of this Corporation, in executing and delivering, in the name and on behalf of this Corporation, to Metropolitan Life Insurance Company, The Travelers Insurance Company, Aetna Life Insurance Company and Connecticut General Life Insurance Co., respectively, letters dated April 21, 1954 in the form presented to this meeting

Adjourned Regular Meeting of Board of Directors - April 22, 1954 (Cont'd)

such matters as to amend to identical amendments to the promissory notes issued by this Corporation under loan agreements dated August 28, 1952 and held by said insurance companies, and to become effective when the Agreement and Articles of Merger with The Davison Chemical Corporation should become effective, be and the same hereby is ratified, approved and confirmed."

Regular Meeting of Board of Directors - May 6, 1954

"On motion duly adopted, it was

RESOLVED that shares of stock of The Davison Chemical Corporation held or owned and standing in the name of this Corporation may be voted at a special meeting of stockholders of The Davison Chemical Corporation to be held on May 13, 1954, or at any adjournment thereof, by the President or any Vice President of this corporation, or by a proxy or proxies appointed by the President or a Vice President of this corporation, any such proxy to be subject to revocation by the President or a Vice President of this corporation at any time prior to exercise of same.

"On motion duly adopted, it was

RESOLVED that the Chairman, Chairman of the Executive Committee, the President or any Vice President, and the Secretary or any Assistant Secretary of this Corporation be and they are hereby authorized to file application and amendments thereto for listing on the New York Stock Exchange of up to and including 635,499 shares of the Common Stock of this Corporation, subject to Agreement and Articles of Merger between this Corporation and The Davison Chemical Corporation, dated April 22, 1954, becoming effective, such shares to be used to carry out the terms of the aforesaid Agreement and Articles of Merger.

RESOLVED FURTHER that such officers may make such payments of fees and expenses, execute and deliver such other documents and papers and do and perform any and all other acts and things as may be deemed by them necessary or advisable in connection with the foregoing resolution.

DAVISON CHEMICAL CORPORATION

Excerpt from Minutes of Board of Directors Meeting
held May 21, 1951

The Chairman advised the Board of the recent acquisition of stock of this Corporation by W. R. Grace & Co. In this connection he stated that Mr. R. A. Lockwood had advised him on May 17, 1951 that Manufacturers Trust Company had sold its holdings of 11,900 shares to W. R. Grace & Co. and that Mr. Benjamin H. Oehlert, Jr., Vice President of W. R. Grace & Co., had visited him on May 21, 1951 and advised him that their holdings were now over 100,000 shares and that their investment would probably range between 15% and 20% of the outstanding stock, and had also advised him of the background and interest of W. R. Grace & Co. in making this investment in Davison. In this connection the Chairman reported that W. R. Grace & Co.'s industrial holdings were mainly in South America and that they desired to diversify their interests by investment in industry in the United States. With this objective in mind they had selected the chemical industry and in that industry had desired a company not too large and not too small, which showed growth prospects and which had established a record for good management. Upon investigation they selected The Davison Chemical Corporation.

The Chairman also reported to the Board the general terms of the sale of the stock of Manufacturers Trust Company and that it involved the resignation of Mr. Lockwood as a Director, if necessary, to give a representative of W. R. Grace & Co. a place on the Board.

The Chairman informed the Board that he had received Mr. Lockwood's resignation as a Director of this Corporation and thereupon read the letter of resignation. In connection with Mr. Lockwood's resignation, the Chairman reviewed Mr. Lockwood's relationship with the Corporation, as a representative of Manufacturers Trust Company, stating that he had been a Director since reorganization on December 31, 1935, and that the block of stock recently sold had been issued to Manufacturers Trust Company as one of the creditor banks of the former company and had been held practically intact since reorganization. After discussion, and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the resignation of Mr. R. A. Lockwood as a Director of this Corporation be accepted.

The Chairman next stated that it was in order to elect a Director to fill the vacancy caused by the resignation of Mr. Lockwood and recommended that Mr. Benjamin H. Oehlert, Jr., Vice President of W. R. Grace & Co., be elected a Director to fill this vacancy until the next annual meeting of stockholders in October 1951. After discussion, and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Mr. Benjamin H. Oehlert, Jr. be and hereby is elected a Director of this Corporation to hold office until the annual meeting of stockholders in October 1951, and until his successor shall have been duly elected and qualified."

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Letter from Minutes of Board of Directors dated May 15, 1952
Held May 22, 1952

The Chairman then referred to a letter from the Federal Trade Commission to the Corporation dated May 15, 1952, received by the Corporation on May 16, 1952, in which the Commission made inquiries and requested information regarding the acquisition by the Corporation of the Lansing, Michigan, fertilizer plant of the Michigan Fertilizer Company and the acquisition by W. R. Grace & Co. of its stock interest in this Corporation. The letter appeared to constitute a preliminary inquiry by the Commission as to whether either or both of such acquisitions contravened the provisions of Section 7 of the Clayton Act, as amended. The Chairman stated that the Corporation had been advised by counsel that the inquiry was not considered material from the standpoint of requirements of the Securities and Exchange Commission in connection with the current offering of the Series A Preferred Stock, and that the Manager for the Underwriters of that offering had advised that the receipt of the letter would not have an adverse effect upon such offering. The Chairman stated that nonetheless the Corporation desired that the information be disseminated to all persons receiving the Prospectus and that therefore a supplement had been immediately prepared, cleared with the Securities and Exchange Commission and so distributed. He further stated that Management is of the opinion that neither of the acquisitions contravene Section 7 of the Clayton Act, as amended. He stated that the letter had been acknowledged and that necessary data in response thereto was being prepared and would promptly be submitted to the Commission."

10016743

Excerpt from Minutes of Board of Directors Meeting
held June 26, 1952

The Chair announced that the Corporation had filed its corporate answers, together with the necessary exhibits, to the letter from the Federal Trade Commission to the Corporation, dated May 15, 1952, in which the Commission made inquiries and requested information regarding the acquisition by the Corporation of the Lansing, Michigan fertilizer plant of the Michigan Fertilizer Company, and the acquisition by W. R. Grace & Co. of its stock interest in this Corporation.

Excerpt from Minutes of Board of Directors Meeting
held August 26, 1952

The Chairman advised the Board that this Corporation had entered into an agreement with W. R. Grace & Co. terminable on thirty days notice by either party, relating to Davison acting as an adviser to Grace in the engineering and construction of an ammonia plant by W. R. Grace & Co. for a fixed monthly fee, plus out-of-pocket living and travel expenses of its employees engaged in this work, and that the agreement also expressed the intention of the parties to enter into a further agreement before the completion of the plant to provide for its management for a period of years, expected to be at least two years, and also the intention of the parties to enter into a further agreement under which Davison would have an option to purchase the plant upon terms to be agreed upon. The Chairman also advised the Board that under the rules and regulations of the SEC it would be necessary to file the complete agreement with the SEC and to include a summary of the agreement in the Proxy Statement because of Grace's stock ownership and its representation on the Board of Directors.

10016745

Excerpt from Minutes of Board of Directors Meeting
Held November 21, 1952

The Chairman reported to the Board upon the deficiency letter received from the Securities and Exchange Commission on November 20, 1952, relating to the proposed issue of 1,000,000 shares of Common Stock of this Corporation, stating that the comments in the letter could be readily complied with in the usual way, except the request for additional information relative to the proposed offer of W. R. Grace & Co.

The Chairman then reported that one of the comments in the above letter had requested that there be furnished to the Securities and Exchange Commission, as supplemental information and not as a part of the Registration Statement, a letter from W. R. Grace & Co. addressed to the Commission, stating to the extent known, whether or not it is the intention of W. R. Grace & Co. to make an offer to The Davison Chemical Corporation to purchase its assets in the near future. This Corporation accordingly requested such a letter and was informed of the substance thereof by Mr. J. Peter Grace, Jr., President of W. R. Grace & Co., by telephone on November 22nd. The draft of the letter as read over the telephone stated that it was the present intention of the Management of W. R. Grace & Co. that an offer to acquire the assets of Davison, in exchange for stock of W. R. Grace & Co., would be made in not less than 45 days and not more than 90 days from that date. Although not stated in the draft of the letter, Mr. Grace referred to authorization of the Board of W. R. Grace & Co. in the telephone conversation, but neither the exact nature or the date of that authorization was then stated, nor did the Management of Davison know anything of that Board action prior to November 22nd. With this information before them officers of the Corporation, counsel for the Corporation, and a representative of the bankers believed that the statement in the Prospectus, included in the Registration Statement, relating to the contemplated offer by W. R. Grace & Co. should be amended and amplified to set forth this information and state the belief of this Corporation as to the length of time which would probably be required to consider and evaluate such offer. Since such an amendment would obviously be of direct concern to W. R. Grace & Co., as well as to Davison and its projected financing, Mr. Grace was requested by Mr. R. L. Hockley to arrange a conference to be held on Sunday, November 23rd, between representatives of W. R. Grace & Co. and representatives of this Corporation, and Mr. Hockley also advised Mr. Grace that the representatives of W. R. Grace & Co. should have authority to approve statements made in the amendment insofar as they referred to W. R. Grace & Co. Such conference was arranged and held on Sunday, November 23, 1952, at about 11:15 A.M. in the Board Room of this Corporation. The following representatives of W. R. Grace & Co. were present:

Messrs. J. Peter Grace, Jr., Director and President,
 Andrew B. Shea, Director and First Vice President,
 A. S. Rupley, Director, Vice President and Treasurer,
 W. F. Cogswell, Vice President, Secretary and Counsel, and
 Judge John J. Burns, Director and Counsel.
 B. H. Oehlert, Jr., Director and Vice President.

The following representatives of The Davison Chemical Corporation and of the Underwriters were present:

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Messrs. Chester F. Hockley, Director and Chairman of the Board,
H. C. Geiger, Director and Vice Chairman of the Board,
R. L. Hockley, Director and President,
H. C. Roop, Vice President and Secretary,
J. E. Hardesty, Treasurer and Assistant Secretary,
F. W. Brune, Semmes, Bowen & Semmes, Counsel for Davison,
J. Crossan Cooper, Jr., of Venable, Baetjer & Howard,
Counsel for the Underwriters,
Charles S. Garland and J. J. Turner of Alex Brown & Sons,
Manager for the Underwriters.

The Chairman further reported that at this conference the representatives of Grace presented a revised letter dated November 22, 1952, addressed to the Securities and Exchange Commission, which letter contained the information given over the telephone on Saturday and some additional statements, one being that the Board of Directors of W. R. Grace & Co. on September 18, 1952 had authorized the Management of that Company to negotiate with this Corporation for the acquisition of its assets in exchange for Common Stock of W. R. Grace & Co. on the basis of a specified maximum ratio of exchange, which was not disclosed. A lengthy discussion of the letter was held in which Davison's representatives pointed out that a reasonable and fair valuation of the proposed offer as a basis for Management's recommendation to the Board of Directors of Davison and of Davison's Board to the stockholders could not be made within the 90-day period. The reasons for the length of time estimated by Davison to investigate the affairs of W. R. Grace & Co. were explained and discussed at length. In the discussion it was pointed out that audit reports for W. R. Grace & Co. by independent public accountants are available only for the calendar years 1950 and 1951; that only estimates of earnings were available for 1952; that Davison deemed it necessary that the independent public accountants' audit reports for the calendar year 1952 should be available to Davison's Management and Directors to consider the proposed offer by Grace, and Grace advised that such audit report would not be available earlier than April 15, 1953. The Grace representatives were also advised that Davison's representatives believed it necessary that Davison's consideration of the proposed offer should be supported by an evaluation by independent consultants and experts of all or certain phases of Grace's business and affairs, and that it was Davison's belief that the studies and consideration could not be completed before July 1, 1953. In the discussion the Grace representatives stated that as indicated in previous informal conversations, Grace wished to enter into negotiations with Davison with the hope of arriving at a proposal that would have the support of Davison's Management.

The Chairman further reported that in the discussions at the Sunday conference between Grace and Davison a review was made by Davison of its program for plant expansion for the three years 1952/1954 and the financing thereof. In reporting on this phase of the conference, the Chairman reported that the review covered the development and adoption of that program by the Board of Directors in the early part of 1952; the subsequent approval by the Directors of various steps of the program; obligations for construction now in progress; parts of the financial program put into effect and the unfinished commitments thereunder, pointing out that the presently proposed Common Stock issue was an essential part of the overall program and represented the remaining financing for the completion thereof.

The Chairman continued, stating that after such discussions representatives of W. R. Grace & Co. stated that their letter represented their present intention relative to the offer and thereupon delivered same to Davison. Davison's representatives then informed the Grace representatives that this Corporation would endeavor to go forward with the registration and sale of additional common stock in accordance with its Registration Statement now pending, and that an amendment to the Registration Statement would be filed with the Securities and Exchange Commission. A draft of the proposed amendment was then read and delivered to the Grace representatives, which set forth the substance of their letter and Davison's position relative thereto, and that Davison did not believe it possible to complete its investigation of Grace and to submit the proposed offer to stockholders before July 1, 1953.

At the request of the Chairman the letter of W. R. Grace & Co. dated November 22, 1952 addressed to the Securities and Exchange Commission was read to the Board, and the proposed amendment to the Registration Statement was distributed to the Directors and also read.

In connection with the proposed amendment the Chairman further reported to the Directors that the Management believes that a thorough study of the business and affairs of W. R. Grace & Co. should be made before Management can submit its conclusions or recommendations to the Board and before the Board can reach its own determination as to whether it should or should not approve an offer made by W. R. Grace & Co. In the discussion by the Board a summary of the business and affairs of W. R. Grace & Co. was presented relating to the corporate structure; historical financial data available; locations of major properties; principal operations and sources of income as to domestic operations, shipping, Central and South American operations, by countries; general economic and political conditions as generally known in those countries; general comments on foreign exchange fluctuations and conversion from foreign currency earnings into dollars; expansion of Grace during 1952 and the financing thereof, largely by arranging long-term loans; the necessity for certified audit reports for the calendar year 1952 showing the earnings for that period and the balance sheet as of December 31, 1952. In this connection Management believes that an evaluation of W. R. Grace & Co. by independent consultants and experts should be obtained and it was anticipated that such evaluation should include examination of properties and estimates of future earnings therefrom; an evaluation of Grace's expansion program and related projected earnings; competitive, economic and political conditions; and it was estimated that such examinations and surveys would require studies extending into South America, involving several months of work. In addition, upon receipt of this information the Management and the Board would need ample time to review the reports, to evaluate the offer properly and if it was deemed advisable to negotiate for any amendments to the offer before determining what recommendations they should make to the stockholders.

The Chairman also pointed out to the Board that Grace's stockholdings represented about 10% of the total outstanding stock of this Corporation; that two officers and Directors of W. R. Grace & Co. are Directors of this Corporation, and that due recognition should be given Grace's position, but it was believed by Management - and the view is supported by the opinion of Corporation's counsel - that great care should be exercised

By Davison's officers and Directors in studying and evaluating any offer to acquire Davison's assets in exchange for Grace's stock in order to discharge fully the fiduciary obligation of the Directors in regard to the interest of the stockholders owning the remaining 81% of the Corporation's stock. After discussion and consideration it was the consensus of the Board that a thorough investigation - including examinations and evaluations by independent consultants and experts of at least the principal activities - should be made of the business and affairs of W. R. Grace & Co. and that Davison should have certified audit reports for the three years, 1950 through 1952, all at the expense of W. R. Grace & Co., in order for the Management and the Board of Directors of this Corporation to be in a position to properly appraise any offer proposed by W. R. Grace & Co. to negotiate as to terms, and to determine whether or not the Board should recommend such an offer for approval by the stockholders of this Corporation. It was further the belief of the Management and the Board of Directors that it would not be possible to complete such investigations and evaluation of the offer and to submit same to the stockholders before July 1, 1953.

The amendment relating to the anticipated proposal from W. R. Grace & Co. was then discussed. After consideration, the proper officers were authorized to include same in an amendment to the Registration Statement filed on November 12, 1952 with the Securities and Exchange Commission in response to the deficiency letter of November 20, 1952."

Excerpt from Minutes of Board of Directors Meeting
held January 22, 1953

The Chairman announced that Mr. B. H. Oehlert, Jr. had submitted his resignation as a Director of this Corporation in a letter dated January 17, 1953, addressed to the Chairman of the Board, to take effect upon acceptance by the Board. The Chairman read the letter of resignation, together with another letter of the same date from Mr. Oehlert requesting permission to attend today's Directors' meeting. Mr. B. H. Oehlert then expressed his personal regret in submitting his resignation and stated that he wished to attend this meeting to have the opportunity of meeting with the other Directors as a group to personally convey to them his pleasure in having been associated with them as a Director of this Corporation. The Chairman requested that Mr. Oehlert's letters be filed with the Secretary's papers for the meeting and expressed his regret in accepting his resignation. Whereupon, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the resignation of Mr. B. H. Oehlert, Jr. as a Director of this Corporation be and the same is hereby accepted with regret, to become effective January 22, 1953."

Excerpt from Minutes of Board of Directors Meeting
held September 27, 1953

The Chairman stated that the first business before the meeting was consideration of the election of Mr. Charles E. Wilson as a member of the Board. He further stated that B. H. Oehlert, Jr., formerly a Vice President of W. R. Grace & Co., had resigned last January and that the vacancy created had not been filled. It was now recommended that Mr. Wilson be elected a member of the Board until the annual meeting of stockholders on October 27, 1953, when he will be a nominee for election by the stockholders for a term expiring with the annual meeting of stockholders in October 1954. After consideration, and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Mr. Charles E. Wilson be and hereby is elected a director of this Corporation to hold office until the annual meeting of stockholders on October 27, 1953, and until his successor shall have been duly elected and qualified.

Mr. Wilson then entered the meeting."

Excerpt from Minutes of Board of Directors' Meeting
held September 27, 1953

In this connection the Chairman reviewed the proxy statement relative to the election of directors and pointed out that the following were proposed as nominees for election by the stockholders on October 27, 1953 to classes expiring at annual stockholders' meetings as follows:

George L. Hatheway	1955
Robert B. Hobbs	1956
W. Griffin Morrel	1954
Walter L. Price (re-election)	1958
Frederick L. Schuster	1955
Charles E. Wilson	1958
J. Theodore Wolfe (re-election)	1958

Excerpt from Minutes of Board of Directors Meeting
held October 27, 1953

The Chairman stated that it has been the practice of the Board to appoint members to the various Committees of the Board at its first meeting after the annual meeting of stockholders. The Secretary thereupon read the proposed resolutions relating to the Committees. After consideration and upon motion duly made and seconded, the following resolutions were adopted:

RESOLVED, that Messrs. Howard Bruce, Thomas B. Butler, Jr., Peter Grace, Jr. and Chester F. Hockley be and they are hereby elected members of the Executive Committee, to serve during the pleasure of the Board of Directors, and that Chester F. Hockley is hereby designated as Chairman of the Executive Committee."

Excerpt from Minutes of Board of Directors Meeting
held November 25, 1953

The Chairman reported that in a discussion with Mr. J. Peter Grace, Jr., Mr. Grace had pointed out the difficulty of his being available for attendance at meetings of the Executive Committee and suggested that he be relieved of these duties. The Chairman then requested that consideration be given to Mr. Grace's suggestion, and proposed that Mr. Charles E. Wilson be considered for election as a member of the Executive Committee. After discussion, and upon motion duly made and seconded, the following resolution was adopted (Mr. Wilson not voting):

RESOLVED, that the resignation of J. Peter Grace, Jr. as a member of the Executive Committee is hereby accepted.

FURTHER RESOLVED, that Charles E. Wilson be and hereby is elected a member of the Executive Committee to serve during the pleasure of the Board of Directors.

Excerpt from Special Board of Directors'
Meeting held April 15, 1954

The Chairman opened the meeting by stating that the purpose of the meeting was to discuss a proposed merger of the Corporation into W. R. Grace & Co. and to take tentative action concerning such proposed merger. He said that if the proposed changes in the Internal Revenue Code now pending before the United States Congress are made, the exchange of stock of this Corporation for securities of W. R. Grace & Co. under the terms of a proposed statutory merger, would be considered a taxable transaction, whereas under the present law such exchange would undoubtedly be considered tax-free in so far as Davison's stockholders are concerned except possibly to the extent of any cash received by them. He said that it was therefore important to Davison stockholders that any merger agreement between the two corporations be consummated as soon as possible in the hope that the present tax laws will govern. He reviewed a preliminary copy of the form of Proxies, Notice of Meeting and Proxy Statement for a proposed special meeting of Preferred and Common stockholders to be held on May 13, 1954, in the event that this Board at its regular meeting on April 22, 1954, should approve and recommend to the stockholders that this Corporation be merged into W. R. Grace & Co. Copies of such form, which included the merger agreement, were before all the Directors present and a copy was identified and filed with the Secretary's papers for this meeting. He requested Mr. Moss to review the proposed merger agreement. Mr. Moss explained the details of the proposed merger agreement and the proposed indenture under which the debentures would be issued.

(Mr. W. G. Morrel and Mr. G. H. French left the meeting at 9:20 A.M. and returned at 10:45 A.M.)

The Chairman stated that he had informally discussed with the Grace management sometime ago, a merger of the two companies whereby the Davison Common stockholders would receive 1.5 shares of Common Stock of Grace for each share of Common Stock of Davison. After further discussion and consideration the ratio of exchange now proposed is 1.4 shares of Common Stock of Grace for each share of Common Stock of Davison. He further stated he believed in view of all of the circumstances, including the relative market values of the stocks, that the proposal was fair to Davison's Common stockholders. He also stated that under the proposal Davison's Preferred stockholders would receive a \$50.00 4-1/4% Convertible Subordinate Debenture and not less than \$5.00 in cash for each share of Preferred Stock.

Mr. Wolfe inquired as to the rights of dissenting stockholders and was informed of the appraisal rights of dissenting stockholders under Maryland law. Mr. Morgan then inquired of the Chairman as to what his personal ownership of Davison stock is and what option rights he has. The Chairman replied that he and Mrs. Hockley owned 5,002 shares; that he had 7,500 shares under an option; and that he looked favorably upon the exchange ratios. Mr. Morgan then inquired as to what the Chairman's opinion was regarding the statement put forth in the December 1, 1952 Prospectus for the issuance of Common Stock, which set forth that before any merger would be considered by the Board, a detailed study of W. R. Grace & Co. was deemed essential. The Chairman replied that the situation had changed materially since that time, and that the Corporation now has

considerably more information about W. R. Grace & Co. than it had in 1952, including certified financial statements for the four preceding calendar years. He asked Mr. Geiger to discuss the Grace properties in certain South American countries. Mr. Geiger discussed his trip briefly in favorable terms.

Considerable discussion then ensued on the terms of the proposed exchange. Mr. Wolfe remarked that based upon present market price of \$32.50 for W. R. Grace & Co. Common stock, the ratio of exchange suggested would result in Davison Common stockholders receiving the equivalent of \$45.50 for each share of Davison Common stock, the present market value of Davison Common stock being \$42.25. Mr. Butler pointed out that the proposed merger terms included an offer to exchange Davison's Preferred stock for Convertible Subordinate Debentures of Grace and suggested that consideration be given to such offer in comparison with the conversion value of such Preferred stock to Davison Common stock. In this connection it was pointed out that some flexibility existed in the terms to the Preferred stockholders and that the final terms would be submitted at the meeting of the Board on April 22, 1954. Mr. C. E. Wilson did not participate in the foregoing discussion of the merger terms.

The Chairman asked Mr. Moss to review the proposed form of Proxy Statement. Mr. Moss discussed the Proxy Statement, paragraph by paragraph, and answered certain questions which were asked.

Mr. Wilson then added that after the proposed merger became effective the management of W. R. Grace & Co. desired the present Board of Directors of the Corporation to continue as an advisory committee to function through recommendations. There followed a discussion between Mr. Wilson and other members of the Board as to the functions of the advisory committee. The Chairman inquired whether or not it was contemplated that the titles of the Davison officers would continue. Mr. Wilson replied that the titles would continue.

The Chairman then stated that, by reason of the rules of the New York Stock Exchange, it was advisable at this time to fix a date for said special meeting of the Preferred and Common stockholders and a record date for the determination of stockholders entitled to notice of and to vote at such meeting to be held on May 13, 1954, in the event that this Board at its regular meeting on April 22, 1954, should approve and recommend to the stockholders that this Corporation be merged into W. R. Grace & Co. He also stated that it was advisable to submit to the Securities and Exchange Commission for clearance, subject to the approval of this Board, the proposed form of Proxy, Notice of Special Meeting of Stockholders and Proxy Statement. After consideration and upon motion duly made and seconded, the following resolutions were adopted:

RESOLVED, (1) That a special meeting of the Preferred and Common stockholders of this Corporation be called to convene at 11:00 o'clock A.M., Eastern Daylight Time, on Thursday, May 13, 1954, at the principal office of the Corporation in the Davison Chemical Building, 101 North Charles Street, Baltimore, Maryland, for the purpose of considering and acting at said meeting (and at any adjourned session or sessions thereof) upon the approval of a proposed merger of this Corporation into W. R. Grace & Co.; and

(2) That the Board of Directors of this Corporation hereby fixes the close of business on the 23rd day of April, 1951, as the record date for the determination of stockholders entitled to notice of and to vote at such meeting, and at any and all adjourned sessions thereof, and of the number of votes which they may respectively be entitled to cast thereat; and

(3) That in the event that the Board of Directors of this Corporation at its regular meeting on April 22, 1951, approves and recommends to the stockholders that this Corporation be merged into W. R. Grace & Co., notice of said special meeting shall be given within the time and in the manner required by law and by the By-Laws of the Corporation to each Preferred and Common stockholder of record at the said record date; and

(4) That the proper officers of this Corporation be and they are hereby authorized and directed to submit to the Securities and Exchange Commission for clearance the form of Proxy, Notice of Special Meeting of Stockholders and Proxy Statement as submitted to the Board at this meeting, said officers being hereby further authorized to make such changes in said form as they may deem advisable, it being understood that any such changes made will be submitted to this Board for final approval.

(Mr. C. E. Wilson abstained from voting on the foregoing resolutions)."

Excerpt from Minutes of Board of Directors Meeting
held April 22, 1954

The Chairman informed the Board of the provisions of the By-Laws relative to voting at the special meeting of stockholders to be held on May 13, 1954. After consideration, and upon motion duly made and seconded, it was unanimously

RESOLVED, that Messrs. Chalmers S. Brumbaugh and George D. F. Robinson, Jr. are hereby appointed Inspectors of Election to serve at the special meeting of stockholders to be held on May 13, 1954.

At this point, Mr. Roop reported that he had been advised that the Board of Directors of W. R. Grace & Co. had met at 11:30 A.M. in New York City and had approved merger terms for the proposed merger with the Corporation; that the terms are that each share of Davison common stock will be exchanged for 1 1/10 shares of Grace common stock and each share of Davison preferred stock, \$50.00 par value, will be exchanged for \$50.00 in principal amount of 1-1/4% Convertible Subordinate Debentures to be issued by Grace, plus \$5.00 in cash. Once issued, each debenture is convertible into 1-1/2 shares of Grace common stock at any time prior to May 1, 1959 and thereafter into 1-35/100 shares of Grace common stock at any time prior to May 1, 1964. The debentures will mature on May 1, 1974 and will be retired through a sinking fund which commences in 1956. Mr. Roop then submitted comparative values of the common and preferred stocks on the basis of the exchange rates and respective market values.

The Chairman then asked Mr. Moss to review the merger agreement, a copy of which had been furnished each Director. Mr. Moss discussed the merger agreement pointing out the minor changes which had been made since the special meeting of the Board of Directors held on April 15, 1954, and also outlined the minor technical changes in the Indenture under which the Convertible Subordinate Debentures are proposed to be issued. He then reviewed a proposed letter to Metropolitan Life Insurance Company to take care of the Corporation's obligations to the Metropolitan Life Insurance Company under its Loan Agreement, in the event of the merger into W. R. Grace & Co.

At the request of the Chairman, Mr. Roop reported that there had been no new developments regarding proposed changes to the Internal Revenue Code, but that it seemed that the bill would not be passed before June 1, 1954 and would not be effective before that time. Mr. Bruce remarked that most merger agreements had an escape clause in the event the exchange was a taxable exchange. Mr. Moss pointed out that no such escape clause existed in the proposed merger agreement, inasmuch as it was felt that the merger would ultimately take place, and that there was not much which could be done about the tax problem. A discussion ensued and it was agreed that the chances were very slight that the proposed merger would be taxable.

At the request of the Chairman, Mr. Roop and Mr. Moss reviewed the proposed Proxy Statement. Mr. Wolfe inquired as to the tax status of a Preferred stockholder in the proposed merger and Mr. Moss replied that the Commissioner of Internal Revenue would probably not rule on the point, but that it was possible that all the cash received by a Preferred stockholder who exchanged his stock for the Convertible Subordinate Debentures would be taxed.

At the Chairman's request, Mr. Roop then reviewed financial information on W. R. Grace & Co. in considerable detail and furnished the members of the Board with analyses of W. R. Grace & Co., outlining figures on combined earnings, book values and projected earnings and pointed out that Davidson stockholders would be immediately benefited by the proposed merger and that the exchange rate would step up earnings applicable to Davidson's stock about two years ahead of projected Davidson per share earnings. The financial position of W. R. Grace & Co. and subsidiaries was reviewed and discussed. Mr. Butler inquired if the Grace Loan Agreements had been examined, and Mr. Roop replied that they had been examined and pointed out that the financial ratios relating to debt restrictions and dividend payments were much higher than the requirements of the Loan Agreements.

The Chairman then read his letter which was to be sent to all stockholders with the Proxy Statement and it was approved by the Board.

After considerable discussion of the terms of the merger as passed by the Board of Directors of W. R. Grace & Co., upon motion duly made and seconded, the following resolutions were unanimously adopted (except for Mr. Wilson, who did not vote):

RESOLVED: (1) That the Board of Directors of this Corporation declares it to be advisable, and so approves and recommends to the Preferred and Common stockholders, that this Corporation be merged into W. R. Grace & Co., a Connecticut corporation, and that the terms and conditions of such merger, the mode of carrying the same into effect, and the manner of distributing the shares and debentures and cash of the resulting corporation among the shareholders of this Corporation, shall be as set forth in the proposed Agreement and Articles of Merger submitted to this meeting;

(2) That a copy of the proposed Agreement and Articles of Merger, as submitted at this meeting, be identified by the Secretary as having been so submitted and be appended to and made a part of the minutes of this meeting;

(3) That the President or a Vice President and Secretary or an Assistant Secretary, be, and they are, hereby authorized and directed to sign and acknowledge the proposed Agreement and Articles of Merger and the certificates annexed thereto, in the forms submitted, under the corporate seal of this Corporation;

(4) That a special meeting of the Preferred and Common stockholders of this Corporation be, and it is, hereby called by this Board to be held at the principal office of the Corporation, 101 North Charles Street, Baltimore, Maryland, on the 13th day of May, 1954, at 11:00 o'clock A.M., Eastern Daylight Time, for the purpose of considering and acting at said meeting (and at any adjourned session or sessions thereof) upon the approval of the proposed merger of this Corporation into W. R. Grace & Co. and upon said Agreement and Articles of Merger, and upon any other matter relating thereto, and upon any other matters that may properly come before such meeting;

(5) That the close of business on April 23, 1954, be, and it is hereby fixed as the record date for the determination of stockholders entitled to receive notice of and to vote at said meeting, and at any and all adjourned sessions thereof, and of the number of votes which they may respectively be entitled to cast thereat, and that stockholders of record at said record date shall be entitled to receive notice of and to vote at said meeting;

(6) That notice of said special meeting shall be given within the time and in the manner required by law and by the By-Laws of the Corporation to each Preferred and Common stockholder of record at said record date, the form of Proxy, Notice of Special Meeting of Stockholders and Proxy Statement as submitted to the Board at this meeting being hereby approved for mailing to the stockholders, provided that the proper officers of the Corporation are hereby further authorized to make such changes in said form as they may deem advisable or which the Securities and Exchange Commission may require;

(7) That the proper officers of this Corporation be, and they are, hereby authorized, as and when the conditions precedent specified in Paragraph NINETEENTH of the Agreement and Articles of Merger shall have been fulfilled (and provided said Agreement and Articles of Merger shall not have been terminated and abandoned pursuant to Paragraph EIGHTEENTH thereof) to cause an executed copy of said Agreement and Articles of Merger to be duly filed with the Secretary of State of the State of Connecticut and with the State Tax Commission of the State of Maryland; and

(8) That the President and other appropriate officers of this Corporation are authorized to take such action and to cause all such things to be done as shall be necessary to carry out the provisions of these resolutions and the actions contemplated thereby.

Mr. Roop then stated that resolutions were in order in regard to amending the Corporation's agreement with Metropolitan Life Insurance Company and providing for the payment of dividends on the Preferred stock in accordance with the merger agreement. Upon motion duly made and seconded, the following resolutions were unanimously adopted (Mr. C. E. Wilson not voting):

RESOLVED, that the proper officers of this Corporation be and they are hereby authorized to enter into such an agreement with Metropolitan Life Insurance Company for the amendment of the 3.95% Notes of this Corporation held by Metropolitan Life Insurance Company as they may deem advisable in order to effect the merger of this Corporation into W. R. Grace & Co., any such agreement to become effective only if and when the proposed Agreement and Articles of Merger becomes effective and upon this Corporation being furnished with an agreement duly executed by W. R. Grace & Co. assuming the obligations and other covenants and agreements of this Corporation as set forth in said Notes; and

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RESOLVED, that a dividend on the 4.60% Cumulative Preferred Stock, Series A, \$50.00 par value, of the Corporation be paid for the period beginning April 1, 1954 and ending on the effective date of the merger of this Corporation into M. F. Grace & Co. to the holders of said stock of record at the effective date of such merger, such dividend to be accrued and prorated to said effective date and to be paid as soon as practicable after said date.

Mr. Roop then read a proposed news release regarding the merger which was approved as corrected.

QUESTION 1: (a) Submit copies of annual reports for W. R. Grace & Co. and for each of its domestic subsidiaries, and consolidated balance sheets and income statements covering all properties under W. R. Grace's operations for the years 1951-1954, inclusive.

ANSWER: Copies of the following are submitted:

Exhibit V

Financial statements of W. R. Grace & Co. (Conn.) for the years ending December 31, 1951 through 1954.

Exhibit VI

Annual reports of W. R. Grace & Co. and consolidated subsidiaries for the years ending December 31, 1951 through 1954.

Exhibit VII

Annual reports for Foster and Kleiser Company for the years ending March 31, 1951, March 31, 1952, December 31, 1952 (9 months), December 31, 1953 and December 31, 1954.

Exhibit VIII

Annual reports for Grace National Bank of New York for the years ending December 31, 1951 through 1954. While W. R. Grace & Co. owns approximately 80% of the common stock outstanding of the Grace National Bank of New York, this company is not a consolidated subsidiary.

10016762

Annual reports for Davison Chemical Corporation and Dewey and Almy Chemical Company are submitted in

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answer to questions 1 (a) and 17 (b) respectively.

Question 1. (d) Submit copies of annual reports of Davison Chemical Corporation for the fertilizer years ending June 30, 1951-1954, inclusive.

Answer: Copies of the following are submitted:

Exhibit-D

Annual Reports for the Davison Chemical Corporation for the fiscal years ended June 30: 1951, 1952 and 1953.

The Davison Chemical Corporation was merged with W. R. Grace & Co. as of May 13, 1954; hence, there is no Annual Report for the year ended June 30, 1954.

Question 2. (a) Identify and locate each phosphate rock mine owned or controlled by W. R. Grace prior to the acquisition and state the reserves of each.

Answer: W. R. Grace & Co. neither owned nor controlled phosphate rock mines prior to the acquisition of The Davison Chemical Corporation.

Question 2. (b) Show capacity and the total production of each mine for each of the fertilizer years ending June 30, 1951-1954, inclusive.

10016763

Answer: Inapplicable to W. R. Grace & Co. (Excluding Davison)

- (iii) move the present mine installation to the new area, or
- (iii) construct new facilities in lieu of this moving or long distance pumping. In view of this situation, we find it impractical to assign a specific reserve tonnage to each of the present mines.

(b) Production (Gross Tons)

Fiscal Years Ended June 30,

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Bonny Lake Mine	338,000	320,000	345,000	413,000
Pauway 4 Mine	<u>473,000</u>	<u>426,000</u>	<u>491,000</u>	<u>368,000</u>
Total Production	<u>811,000</u>	<u>746,000</u>	<u>836,000</u>	<u>781,000</u>

(c) See table on following page.

Question 2. (c) Show the sales and intercompany transfers of phosphate rock (in tons and dollar value) to each of the following for the same periods:

- (i) for direct application to the soil;
- (ii) for domestic processing;
 - (1) to W. R. Grace & Co. and its subsidiaries;
 - (2) to Davison Chemical Corporation and its subsidiaries;
 - (3) to all other domestic processors.
- (iii) for export; and
- (iv) total sales and intercompany transfers.

Answer: Inapplicable to W. R. Grace & Co. (Excluding Davison)

Question 2. (d) Please submit the same information for the Davison Chemical Corporation for the same periods.

Answer: (a) The Davison Chemical Corporation owns two phosphate rock mines located in Polk County, Florida; namely, Bonny Lake Mine, located near Bartow, and Pauway 4 Mine, located near Lakeland. Based on drilling data, the Company estimates that its phosphate rock deposits, located in Polk County, Florida, contain approximately 23,000,000 gross tons of average commercial grades. The phosphate rock reserves applicable to each mine have not been furnished, because the Company, at its option, may elect to either:

- (1) pump matrix a considerable distance from areas not currently mined to its present mine installation,

Question 3. (a) Identify and locate each phosphate rock processing plant owned or controlled by W. R. Grace prior to the acquisition and state whether owned by parent, subsidiary, or affiliate.

Answer:	<u>Plant Locations:</u>	<u>Owned or Controlled By:</u>
	Joplin, Mo.	Parent
	Tulsa, Okla.	Parent
	Charleston, S. C.	Subsidiary - Naco (W. Va.)

Question 3. (b) Identify each such plant put into production since 1951 and state the date on which each began operations.

Answer:	<u>Dates Production Began (since 1951):</u>												
	<table><thead><tr><th></th><th><u>Super</u></th><th><u>Triple Super</u></th></tr></thead><tbody><tr><td>Joplin, Mo.</td><td>Prior 1951</td><td>June 1953</td></tr><tr><td>Tulsa, Okla.</td><td>Prior 1951</td><td>--</td></tr><tr><td>Charleston, S. C.</td><td>Prior 1951</td><td>--</td></tr></tbody></table>		<u>Super</u>	<u>Triple Super</u>	Joplin, Mo.	Prior 1951	June 1953	Tulsa, Okla.	Prior 1951	--	Charleston, S. C.	Prior 1951	--
	<u>Super</u>	<u>Triple Super</u>											
Joplin, Mo.	Prior 1951	June 1953											
Tulsa, Okla.	Prior 1951	--											
Charleston, S. C.	Prior 1951	--											

Question 3. (c) Show the capacity of each in terms of

- (i) superphosphates and
- (ii) triple superphosphates.

Answer:	<u>Plant Capacities (Tons):</u>												
	<table><thead><tr><th></th><th><u>(i) Super</u></th><th><u>(ii) Triple Super</u></th></tr></thead><tbody><tr><td>Joplin, Mo.</td><td>80,000</td><td>35,000</td></tr><tr><td>Tulsa, Okla.</td><td>70,000</td><td>--</td></tr><tr><td>Charleston, S. C.</td><td>65,000</td><td>--</td></tr></tbody></table>		<u>(i) Super</u>	<u>(ii) Triple Super</u>	Joplin, Mo.	80,000	35,000	Tulsa, Okla.	70,000	--	Charleston, S. C.	65,000	--
	<u>(i) Super</u>	<u>(ii) Triple Super</u>											
Joplin, Mo.	80,000	35,000											
Tulsa, Okla.	70,000	--											
Charleston, S. C.	65,000	--											

Question 3. (d) Show the total production (in tons) of:

- (i) superphosphates and
- (ii) triple superphosphates, of each plant for each of the fertilizer years ending June 30, 1951-1954, inclusive.

10016766

(c) Plant Capacities (Tons):

	<u>(i) Super</u>	<u>(ii) Triple Super</u>
Baltimore, Md.	500,000	--
Columbus, Ohio	60,000	--
Lansing, Mich.	60,000	--
Nashville, Tenn.	100,000	--
Perry, Iowa	65,000	--
Bartow, Fla.	--	200,000

(d) (i) Production of Superphosphate (Tons)
(Years Ended June 30)

<u>Plant Locations</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Baltimore, Md.	485,821	478,623	516,322	441,206
Columbus, Ohio	44,176	50,480	51,080	36,168
Lansing, Mich.	--	24,997	40,486	32,929
Nashville, Tenn.	81,564	97,973	98,451	82,104
Perry, Iowa	27,463	27,278	24,944	28,472

(d) (ii) Production of Triple Superphosphate (Tons)
(Years Ended June 30)

<u>Plant Locations</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Bartow, Fla.	--	--	--	37,266

Question 4. (a) Show the sales and intercompany transfers of superphosphates (in tons and dollar value) of W. R. Grace to each of the following for each of the fertilizer years ending June 30, 1951-1954, inclusive:

- (i) to plants of W. R. Grace and its subsidiaries;
- (ii) to Davison Chemical Corporation and subsidiaries;
- (iii) to all other domestic users;
- (iv) for export;
- (v) total sales and intercompany transfers.

Answer: See table on following page.

10016767

(4) Production Superphosphate (Tons)
(Years Ended June 30)

<u>Plant Locations</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Joplin, Mo.	81,002	85,188	62,285	111,531
Tulsa, Okla.	47,119	35,029	21,613	18,691
Charleston, S. C.	65,310	69,285	65,110	53,111

(1) Production Triple Superphosphate (Tons)
(Years Ended June 30)

<u>Plant Locations</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Joplin, Mo.	--	--	335	6,952

Question 3. (e) Submit the same information for the Davison Chemical Corporation and its subsidiaries.

Answer: (a) Plant Locations: Owned by:

Baltimore, Md.	Parent
Columbus, Ohio	"
Lansing, Mich.	"
Nashville, Tenn.	"
Perry, Iowa	"
Bartow, Fla.	"

(b) Dates Production Began (since 1951):

	<u>Super</u>	<u>Triple Super</u>
Baltimore, Md.	Prior 1951	--
Columbus, Ohio	Prior 1951	--
Lansing, Mich.	Nov. 1951	--
Nashville, Tenn.	Prior 1951	--
Perry, Iowa	Prior 1951	--
Bartow Fla.	--	February 1954

10016768

Question 4. (b) Please submit the same information for W. R. Grace's sales of triple superphosphates.

Answer: The entire production of triple superphosphates at the Joplin plant is used by W. R. Grace & Co. in the manufacture of mixed fertilizer.

Question 4. (c) Please submit the same information outlined in 4. (a) and (b) above for the Davison Chemical Corporation and its subsidiaries for the same periods.

Answer: See table on following page.

Sales and Intercompany Transfers of Superphosphate and Triple Superphosphate

	Fiscal Years Ended June 30,	
	1951	1952
	Tons	Tons
	Dollars	Dollars
(a) Superphosphate		
(i) To plants of W. R. Grace and its subsidiaries	163,388	163,388
(ii) To Davison Chemical Corporation and subsidiaries	\$2,881	\$4,046
(iii) To all other domestic users	6,988	344,500
(iv) For export	1,811	103,995
(v) Total sales and inter-company transfers	\$11,680	\$12,330
(b) Triple Superphosphate		
(i) To plants of W. R. Grace and its subsidiaries*	662,462	667,559
(ii) To Davison Chemical Corporation and subsidiaries	\$11,680	\$12,330
(iii) To all other domestic users	716,232	\$13,458
(iv) For export	619,524	\$12,037
(v) Total sales and inter-company transfers	\$13,458	\$12,037
*To Haco Fertilizer Company (W. Va.)		

Notes to this table appear on the following page.

Notes to table on previous page:

- (1) Dollar value used herein is average net selling price to customers.
- (2) Item (11) represents Davison's production consumed at the producing location and tonnage shipped from producing plant to other plants of Davison for use in fertilizer production.
- (3) Above represents distribution of Davison production; does not include distribution of small quantities of purchased superphosphate and triple superphosphate (triple superphosphate plant at Bartow, Fla., began operations February 1954.)

Question 5. (a) Identify and locate each fertilizer mixing plant owned or controlled by W. R. Grace or its subsidiaries prior to the acquisition and name the company owning each plant.

Answer:

<u>Plant Locations</u>	<u>Owned By</u>
Charleston, S. C.	Naco (W. Va.)
Findlay, Ohio	Naco (W. Va.)
Fort Pierce, Fla.	Naco (W. Va.)
Jacksonville, Fla.	Naco (W. Va.)
Joplin, Mo.	Parent
Lawrence, Kansas	Kaw River Valley Fertilizer Co., Inc.
Los Angeles, Calif.	Naco (Calif.)
Madera, Calif.	Naco (Calif.)
Santa Clara, Calif.	Naco (Calif.)
Spartanburg, S. C.	Naco (W. Va.)
Trenton, Mo.	Parent
Tulsa, Okla.	Parent
Wilmington, N. C.	Naco (W. Va.)

The operations of Naco (Calif.) are in the process of being liquidated. The Los Angeles plant was sold in late 1954 and the Madera plant in early 1955. The Santa Clara plant is under contract for sale for delivery about October 1, 1955.

10016771

Question 5. (a) Show the capacity and production of each plant for each fertilizer year ending June 30, 1951-1951 inclusive.

Answer: See table on following page.

Kav River Valley Fertilizer Co.
(Excluding Davidson)

Capacity and Production (Tons) for Fiscal Years Ended June 30

Plant Locations	1951		1952		1953		1954	
	Capacity	Production	Capacity	Production	Capacity	Production	Capacity	Production
Charleston, S. C.	50,000	31,246	50,000	37,782	50,000	28,127	50,000	23,009
Findlay, Ohio	12,000	10,952	12,000	17,013	12,000	18,490	23,000(00)	20,343
Fort Pierce, Fla. (2)	30,000	18,223	-	7,500 (6)	-	-	75,000	39,671
Jacksonville, Fla.	40,000	42,209	40,000	40,950	40,000	42,368	40,000	27,743
Joplin, Mo.	85,000	84,716	85,000	71,640	85,000	69,471	85,000	73,346
Lawrence, Kansas	20,000	7,703(5)	20,000	15,783	20,000	14,877	(3)	(3)
Los Angeles, Calif.	16,000	8,491	16,000	8,233	16,000	5,416	16,000	15,040
Madera, Calif.	8,000	4,757	8,000	5,726	8,000	3,840	8,000	2,340
Santa Clara, Calif.	11,000	4,340	11,000	5,462	11,000	6,046	11,000	6,736
Spartanburg, S. C.	10,000	7,818	10,000	9,143	10,000	9,409	10,000	7,091
Trenton, Mo.	-	-	-	-	40,000	22,923(4)	40,000	12,717
Tulsa, Okla.	75,000	23,460	75,000	18,627	75,000	16,742	75,000	19,428
Wilmington, N. C.	75,000	42,071	75,000	47,982	75,000	39,788	75,000	35,726

10016773

- Notes:
- (1) Plant rehabilitated and enlarged.
 - (2) Plant originally purchased from Indian River Fertilizer Co., November 1950; burned November 1951 and was replaced during 1952/1953.
 - (3) Production discontinued and plant used as a distribution warehouse.
 - (4) Plant commenced producing August 1952.
 - (5) Plant acquired through Thurston's acquisition of Kav River Valley Fertilizer Co., Inc.
 - (6) Estimated - records incomplete

Question 5. (a)

Submit the same information for the Davidson Chemical Corp. and its subsidiaries for the same periods.

Answer:

(a) Plant Locations

Owned By

Alliance, Ohio	Parent
Baltimore, Md.	Parent
Columbus, Ohio	Parent
Gretna, La.	Parent
Lansing, Mich.	Parent
Nashville, Tenn.	Parent
New Albany, Ind.	Parent
Perry, Iowa	Parent
Savannah, Ga.	Parent

(b) Capacity and Production - See table on following page.

10016774

DAVISON CHEMICAL CORPORATION

Plant Locations	Capacity and Production (Tons) for Fiscal Years Ended June 30					
	1951		1952		1953	
	Capacity	Production	Capacity	Production	Capacity	Production
Alliance, Ohio	20,000	19,743	20,000	21,706	20,000	20,827
Baltimore, Md.	50,000	40,483	50,000	49,851	65,000	58,766
Columbus, Ohio	60,000	70,847	60,000	81,415	85,000	92,356
Gretna, La.	18,000	15,656	18,000	13,164	18,000	16,238
Lansing, Mich.	-	-	55,000	44,364(1)	85,000	72,224
Nashville, Tenn.	90,000	95,637	90,000	92,967	90,000	82,835
New Albany, Ind.	60,000	59,901	60,000	71,468	85,000	65,923
Perry, Iowa	30,000	23,808	30,000	30,292	50,000	28,797
Savannah, Ga.	27,000	31,095	27,000	32,012	27,000	27,076

Notes: (1) Plant purchased from Michigan Fertilizer Company November 1951; production covers period 12/1/51 - 5/20/52.

10016775

Question 6. (a) Identify and locate each sulfuric acid plant owned by W. R. Grace and its subsidiaries prior to the acquisition and show the capacity of each.

Answer:

<u>Plant Location</u>	<u>Owned by</u>	<u>Capacity (Tons)</u>
Charleston, S. C.	Naco (W. Va.)	38,000

Question 6. (b) Show the production of sulfuric acid of each plant for each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answer:

Production - Sulfuric Acid
Years Ended June 30
(In Tons)

<u>Plant Location</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Charleston, S. C.	38,338	35,705	37,648	31,697

Question 6. (c) Please submit the same information for W. R. Grace's production of (i) phosphoric acid, (ii) sulphate of ammonia; and (iii) other fertilizer materials.

Answer:

	<u>Plant Location</u>	<u>Owned by</u>	<u>Capacity (Tons)</u>	<u>Production (Tons)</u>			
				<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Phosphoric Acid	Joplin, Mo.	Parent	20,000	-	-	-	2,924
Sulphate of Ammonia	Joplin, Mo.	Parent	16,500	-	-	2,129	11,229
Other Fertilizer Materials	Joplin, Mo.	Parent	20,000	22,547	16,783	16,355	11,809

Question 6. (d) Please submit the same information outlined in 6 (a), (b), and (c) above for the Davison Chemical Corp. and its subsidiaries for the same periods.

Answers:

	Plant Location	Owned By	Capacity (Tons)	Production (Tons)			
				1951	1952	1953	1954
Sulfuric Acid	Baltimore, Md.	Parent	300,000	300,059	269,963	292,395	257,234
Sulfuric Acid	Bartow, Fla.	Parent	190,000	-	-	-	18,692
Phosphoric Acid	Bartow, Fla.	Parent	96,600	-	-	-	21,039
Sulphate of Ammonia	None						
Other Fertilizer Materials	None						

Question 7. (a) Show sales and intercompany transfers of each grade of sulfuric acid (in tons and dollar value) of W. R. Grace to each of the following for each of the fertilizer years ending June 30, 1951-1954, inclusive.

- (1) to W. R. Grace and its subsidiaries
 - (i) for use in fertilizer production
 - (ii) for all other uses
- (2) to Davison Chemical Corp. and subsidiaries
 - (i) for use in fertilizer production
 - (ii) for all other uses
- (3) to all other domestic users producing fertilizer
- (4) for export
- (5) total sales and intercompany transfers.

Answer: Sulfuric Acid - Only plant during the period requested was at Charleston, S. C., and such plant was operated primarily to supply the superphosphate plant. Records are not presently available to present accurately the sales and inter-company transfers. However, it is estimated that approximately 75% of production during the

- 55 -

fertilizer year 1951-1954 was distributed as inter-plant transfers to the superphosphate plant with the balance amounting to about 10,000-15,000 tons per annum, being sold to other industrial users.

Question 7. (b) Please submit the same information for W. R. Grace's sales of (i) phosphoric acid, (ii) sulphate of ammonia, and (iii) other fertilizer materials.

Answer: Entire production of phosphoric acid, sulphate of ammonia and other manufactured material was used intra-plant or shipped inter-plant and used wholly in the manufacture of mixed fertilizer.

Question 7. (c) Please submit the same information outlined in 7 (a) and (b) above for the Davison Chemical Corp. and its subsidiaries for the same periods.

Answer: See table on following page.

DAVISON CHEMICAL CORPORATION

(a) Sales and Inter-Company Transfers of Sulfuric Acid (Basis 100% H₂SO₄)

	Fiscal Years Ended June 30,			
	1951	1952	1953	1954
	Tons	Dollars	Tons	Dollars
To W. R. Grace & Co. and its subsidiaries	-	-	-	-
To The Davison Chemical Corporation and subsidiaries	-	-	-	-
Used in superphosphate and fertilizer production	171,058	\$2,807	156,901	\$2,389
All other uses	29,235	480	30,031	706
All other domestic users	-	-	-	-
Producing fertilizer	22,729	373	19,447	371
Other industrial uses	97,316	1,597	76,202	1,692
For export	-	-	-	-
Total Sales & Inter-Company Transfers	320,338	\$5,257	282,581	\$5,751
				296,374
				\$6,158
				265,126
				\$6,109

Notes: (1) The above does not include distribution of tonnage from the Bartow sulfuric acid plant as production at that location is consumed in the manufacture of triple superphosphate with the exception of a small amount used in the recovery of concentrated in the phosphate rock operations.

(2) Tonnage consumed by Davison has been priced at average sales price to customers.

(3) The above distribution comprehends purchases of virgin sulfuric acid, in addition to production of the Baltimore plant, but does not include returned spent sulfuric acid which is used primarily in the production of superphosphate.

(b-1) The entire production of phosphoric acid at Bartow, Florida, is consumed in the manufacture of triple superphosphate.

(b-ii)) Not applicable
(b-iii))

10014773

Question 8. (a) Give the total number of companies purchasing phosphate rock from Davison in each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answer: Total number of companies purchasing phosphate rock from Davison for the years ended June 30:

<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
20	17	21	14

Question 8. (b) Give the name and address of each company purchasing 1,000 tons or more of phosphate rock from Davison in the fertilizer years ending June 30, 1951-1954, inclusive.

Answer: Name and address of companies purchasing 1,000 gross tons or more of phosphate rock from Davison, as indicated by (x), during each year ended June 30, as follows:

(See next page)

	1951	1952	1953	1954
Abstron Superfosfaatfabrieken Utrecht, Holland	x			
American Cyanamid Co., New York, N. Y.	x	x		
Anderson Clayton & Co., Houston, Texas			x	
Blockson Chemical Company, Joliet, Ill.	x	x	x	x
Bunge Corporation, New York, N.Y.				
Columbia Phosphate Company, St. Louis, Mo.	x	x	x	x
Cooperative Plant Foods, Inc., Schererville, Indiana	x	x	x	
Coronet Phosphate Company, New York, N. Y.			x	
The Cotton Producers Assn., Atlanta, Ga.	x	x		
E. I. duPont de Nemours & Co., East Chicago, Ind.	x			
The Farmers Fertilizer Co., Columbus, Ohio	x	x	x	
Fertilizer Manufacturing Cooperative, Baltimore, Md.	x		x	
Growers Fertilizer Cooperative, Inc., Lake Alfred, Florida	x	x	x	x
Illinois Farm Supply Co., Chicago, Ill.	x	x	x	x
Indiana Farm Bureau Cooperative Assn..Inc.. Indianapolis, Ind.	x	x	x	
International Ore & Fertilizer Corp., New York, N. Y.	x	x	x	x
Jackson Fertilizer Company, Jackson, Miss.		x		
Mathieson Chemical Corp., Baltimore, Md.	x			
Monsanto Chemical Co., St. Louis, Mo.	x	x	x	x
Owens Phosphate Co., Bloomington, Ill.	x	x	x	x
A. F. Pringle & Co., Inc., Charleston, S. C.	x			
Schrock Fertilizer Service, Congerville, Ill.	x	x	x	x
Southern States Phosphate & Fertilizer Co., Savannah, Ga.	x	x	x	x
Swift & Co., Chicago, Ill.		x	x	
(a) Thurston Chemical Co., Joplin, Mo.	x	x	x	x

10016781

(a) Acquired by W. R. Grace & Co. October 15, 1953

Question 9. (a)

Give the total number of companies purchasing from Grace (i) superphosphates, and (ii) triple superphosphates in each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answer:

Total number of companies purchasing superphosphate and triple superphosphate from Grace (excluding Davison) for the years ended June 30:

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Superphosphate	9	12	7	6
Triple Superphosphate	--	--	--	--

Question 9. (b)

Give the name and address of (i) each company purchasing 500 tons or more of superphosphates, and (ii) each company purchasing 250 tons or more of triple-superphosphates from Grace during each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answer:

Name and address of companies purchasing from Grace (excluding Davison) 500 tons or more of superphosphate, as indicated by (x), during each year ended June 30, as follows:

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Armour & Co., Chicago, Ill.	x	x	x	x
Consumers Coop. Assoc., Kansas City, Mo.	x	x		
Curry Chemical Co., Scotts Bluff, Neb.	x	x		
Farm Belt Fertilizer Co., Kansas City, Mo.		x		
Swift & Co., Chicago, Ill.		x		

Question 9. (c) State Grace's total sales of (i) superphosphates and (ii) triple-superphosphates sold in each state during each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answers:

Superphosphate sales tonnage in each state for the years ended June 30: (Customers only)

State	1951	1952	1953	1954
Arizona	964	1,048	689	265
Arkansas	6,846	5,929	2,855	1,221
California	4,801	3,356	2,857	1,475
Illinois	-	30	-	-
Iowa	5,568	7,781	5,308	2,818
Kansas	5,680	7,973	3,245	1,083
Louisiana	-	30	-	-
Minnesota	4,506	2,827	1,916	1,209
Missouri	7,344	7,841	2,956	1,517
North Dakota	-	80	180	-
Nebraska	956	712	468	283
Oklahoma	29,761	23,080	13,592	10,149
South Carolina	(1)	(1)	(1)	(1)
South Dakota	615	561	494	366
Total	67,041	61,248	34,560	20,386

Note: (1) Quantities minor in amount sold to customers included under "Other Fertilizer Materials" in answer to Question 10.

Triple Superphosphate - No manufactured material was sold to customers. Purchased material for resale is included as "Other Fertilizer Materials" in answer to Question 10.

Dollar amount of sales by states is not available from company records.

Question 9. (d) Please submit the same information outlined in 9 (a), (b), and (c) for Davison Chemical Corp. for the same periods.

10014783

Answers: (a) Total number of companies purchasing superphosphate and triple superphosphate from Davison for the years ended June 30:

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Superphosphate	81	71	85	87
Triple Superphosphate (from date plant commenced operations- February 1954 to June 30, 1954)	-	-	-	26

(b) Name and address of companies purchasing from Davison 500 tons or more of superphosphate, as indicated by (x), during each year ended June 30, as follows:

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Agricultural Products Corp., Webster City, Iowa				x
American Agricultural Chemical Company, New York, N. Y.			x	x
Apco Fertilizer Co., Halls, Tenn.			x	x
Apothecaries Hall Company, Waterbury, Conn.	x	x	x	x
Armour Fertilizer Works, New York, N. Y.			x	
Atwater Company, Locke, N. Y.	x	x	x	x
Bartlett & O'Bryan, Owensboro, Kentucky			x	x
Baugh & Sons Company (The), Baltimore, Md.	x	x	x	x
Bone Dry Fertilizer Company, Richmond, Va.		x		
Bunge Corporation, New York, N.Y.	x	x	x	x
Canada Packers, Limited, Toronto, Canada	x	x	x	x

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	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Canadian Industries Limited, Montreal, P.Q., Canada	x	x	x	x
Carlisle Fertilizer Works, Carlisle, Pa.	x	x	x	x
Central Chemical Corporation, Hagerstown, Md.	x	x	x	x
Chamberlain & Barclay, Inc., Cranberry Station, N. J.			x	x
Commonwealth Fertilizer Co., Russellville, Kentucky	x	x	x	x
Consolidated Rendering, Boston, Mass.	x	x	x	x
Cooperative Fertilizer Service of Baltimore, Inc., Curtis Bay, Md.	x	x	x	x
Cooperative Fertilizer Service, Inc. (of Richmond), Richmond, Va.	x	x	x	x
Cornland Plant Foods, Grinnell, Iowa	x	x		x
Cumberland Valley Cooperative Assn., Shippensburg, Pa.	x	x	x	x
Curtis, C. Roy & Sons, Inc., Marion, New York	x	x	x	
Dorchester Fertilizer Company, Cambridge, Maryland				x
Eastern States Farmers Exchange, York, Pennsylvania	x	x	x	x
Farmers Fertilizer Works, Elizabethtown, Pennsylvania	x	x	x	x
Farmers & Planters Company, Salisbury, Maryland	x	x	x	x
Farm Bureau Cooperative Assn., Inc., Columbus, Ohio	x	x	x	x
Farmville Oil & Fertilizer Company, Farmville, North Carolina	x			
Fertilizer Manufacturing Cooperative, Baltimore, Md.	x			
GLF Soil Building Service, New York, N. Y.	x	x	x	x
Graham, A. D. & Co., Somerset, Pa.	x	x	x	x
Hampstead Fertilizer Company, Hampstead, Md.	x	x		
Hardy, E. W. & Co., Inc., New York, N. Y.	x			
Houston-Gulver Fertilizer, Inc., Seaford, Delaware	x	x	x	x

1951 1952 1953 1954

Hy-Trous Company of Canada, Limited, Cornwall, Ontario, Canada	x		x	x
International Fertilizer, Limited, Quebec, P.Q., Canada	x	x	x	x
International Minerals & Chemical Corp., New York, N. Y.			x	
International Ore & Fertilizer Company, New York, N. Y.				x
Iowa Farm Supply Co., Des Moines, Iowa	x	x	x	x
Island Fertilizer Co., Ltd. (The), Charlottetown, P.E.I., Canada	x	x	x	x
Kane Import Corp., New York, N.Y.				x
Keller Fertilizer Co., York, Pa.	x	x		x
Kentucky Fertilizer Works, Winchester, Kentucky	x	x		
Lancaster Bone & Fertilizer Co., Quarryville, Pennsylvania	x	x	x	x
Lebanon Chemical Corp., Lebanon, Pa.	x	x	x	x
Lilly, Chas. H. & Co., Harbor Island, Seattle, Washington	x	x		
Lincoln Service & Supply Co., Grand Island, Nebraska	x	x		
Miami Fertilizer Company, Dayton, Ohio			x	
Miller Chemical Corp., Charles Town, W. Va.	x	x	x	x
Miller Chemical & Fertilizer Corp., Whiteford, Maryland	x	x	x	x
Misner Seeds & Fertilizer Ltd., Port Dover, Ontario, Canada				x
National Fertilizer Co., Des Moines, Iowa	x	x	x	x
Olds & Whipple, Inc., Hartford, Conn.	x	x	x	x
Organic Plant Food Company, Lancaster, Pa.	x	x	x	x
Pioneer Phosphate Company, Des Moines, Iowa	x	x	x	x
Price, W. W., & Co., Inc., Clayton, Del.	x	x	x	x
Ramsburg Fertilizer Company (The), Frederick, Maryland	x	x	x	
Read Bros. Fertilizer, Limited, Elmira, Ontario, Canada	x	x	x	
Rogers & Hubbard, Portland, Conn.	x			

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1951 1952 1953 1954

Royster Guano Co., P. S., Baltimore, Md.	x			
Simonsen Mill-Rendering Plant, Quimby, Iowa				x
Smith Agricultural Chemical Co., Columbus, Ohio	x			
Soil Service, Inc., Leves, Del.	x	x	x	x
South Jersey Farmers Exchange, Woodstown, New Jersey	x	x	x	x
Stone, Wm. & Sons, Limited, Ingersoll, Ontario, Canada	x	x	x	
Summers Fertilizer Company, Inc., Baltimore, Md.		x	x	
Summers Fertilizer Company, Grand Forks, North Dakota		x	x	
Swift & Co., Plant Food Div., Curtis Bay, Baltimore, Md.	x	x	x	x
Thomas & Company, Gaithersburg, Md.	x	x	x	
Thomas, I. P. & Company, Camden, N. J.	x			
Tilghman, Wm. B., Co., Salisbury, Md.	x	x	x	x
Tyler Grain & Fertilizer Co., Wooster, Ohio	x	x	x	x
United Coop. of Ontario, Toronto, Ontario, Canada	x	x	x	x
Vallient Fertilizer Co., Laurel, Del.	x	x	x	x
Valley Fertilizer & Chemical Co., Inc., Mount Jackson, Virginia		x	x	x
Virginia-Carolina Chemical Corp., Baltimore, Md.	x	x	x	x
Westminster Fertilizer Company, Westminster, Md.	x	x	x	x
Witts Fertilizer Works, Ltd., Norwick, Ontario, Canada	x		x	x
Woodward & Dickerson, Inc., Philadelphia, Pa.				x
York Stone & Supply Co., York, Pa.	x	x	x	x

Names and addresses of companies purchasing
from Davison 250 tons or more of triple super-
phosphate (from date plant commenced operations
March 1954 to June 30, 1954).

Canada Packers, Ltd., Toronto, Canada
Central Chemical Co., Dallas, Texas
Cooperative Fertilizer Service, Curtis Bay, Md.
Falls City Fertilizer Co., Grand Island, Nebraska
Farm Bureau Services, Inc., Lansing, Mich.
Illinois Farm Supply Co., Chicago, Ill.
International Fertilizers, Ltd.,
Quebec, P. Q., Canada
Minnesota Farm Bureau Service Co., St. Paul, Minn.
Naco Fertilizer Co. (W. Va.), Joplin, Missouri
Schrock Fertilizer Service, Div. Schrock Bros. Co.,
Congerville, Illinois
Summers Fertilizer Co., Inc., Baltimore, Md.

(c-1) Superphosphate sales tonnage in each
state for the years ended June 30:

<u>State</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Alabama	80	89	536	293
Connecticut	68	193	128	105
Delaware	137	95	44	47
Georgia	73	26	38	33
Illinois	398	610	950	695
Indiana	818	951	582	407
Iowa	6,647	6,982	6,821	4,872
Kansas	1,253	1,298	1,681	976
Kentucky	7,692	8,857	9,895	7,284
Louisiana	911	660	848	823
Maryland	1,322	946	912	906
Massachusetts	79	65	74	47
Michigan	1,171	1,847	3,353	2,114
Minnesota	1,250	330	124	95
Mississippi	892	599	482	316
Missouri	1,736	1,635	1,036	343
Nebraska	386	372	611	342
New Hampshire	5	-	31	28
New Jersey	277	384	361	305
New York	5,828	6,118	6,466	2,272
North Carolina	50	16	10	20
Ohio	1,535	1,825	1,411	1,363
Pennsylvania	6,275	6,225	4,437	3,246
South Carolina	38	27	82	120

(Continued)

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State	1951	1952	1953	1954
South Dakota	=	120	118	87
Tennessee	9,776	7,273	6,213	3,435
Texas	3	2	=	6
Vermont	2	31	31	32
Virginia	420	713	75	203
West Virginia	4,603	3,206	1,971	511
Total	53,725	51,495	49,384	31,331

The above does not include tonnage shipped to other companies (manufacturers) enumerated under 9 (a) and (b).

(c-ii) Triple superphosphate sales, other than those enumerated under 9 (a) and (b), are insignificant and represent resale of purchased materials. This tonnage has been included under "Other Fertilizer Material Sales" in answer to Question 10.

Dollar amount of sales by states not available from company records.

Question 10. (a) Show Grace's total sales (in tons and dollar value) of other fertilizer materials by states for each of the fertilizer years ending June 30, 1951-1954, inclusive.

Answer: Sales of Other Fertilizer Materials by States
(Tons) for Fiscal Years Ended June 30:

(See Table on Following Page)

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W. H. GRACE & CO.
(Excluding Davison)

Sales of Other Fertilizer Materials (Tons)

Years Ended June 30

States	1951	1952	1953	1954
Arkansas	556	1,002	1,951	1,700
Arizona	3,452	3,470	2,618	2,036
California	14,366	15,575	17,011	16,740
Florida	6,812	10,385	8,553	7,449
Georgia	165	566	584	550
Illinois	198	64	412	-
Indiana	-	151	355	70
Iowa	50	562	2,151	2,083
Kansas	4,815	2,790	3,218	3,970
Louisiana	-	-	340	-
Michigan	-	37	265	218
Minnesota	-	-	459	230
Missouri	2,536	6,122	6,671	6,435
Nebraska	162	35	103	268
North Carolina	12,028	11,853	9,721	10,566
North Dakota	20	-	-	-
Ohio	144	2,235	1,459	1,657
Oklahoma	1,418	3,800	3,795	3,353
South Carolina	11,367	10,039	9,316	7,523
South Dakota	-	15	10	184
Tennessee	40	-	-	-
Texas	-	50	-	-
Virginia	-	-	800	-
TOTAL	58,129	68,751	68,850	64,082

Dollar amount of sales by states not available from company records.

Question 10. (b) Please submit the same information for
Davison Chemical Corp. for the same periods.

Answer: Sales of Other Fertilizer Materials by States (Tons)
for Fiscal Years Ended June 30:

(See Table on Following Page)

10016790

Sales of Other Fertilizer Materials (Tons)

Years Ending June 30

<u>States</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Alabama	167	254	186	279
Connecticut	3	17	10	17
Delaware	-	33	82	53
District of Columbia	-	-	-	3
Florida	-	-	-	180
Georgia	3,195	3,951	3,775	3,812
Illinois	165	307	408	1,045
Indiana	455	2,361	3,311	1,940
Iowa	1,198	2,947	4,199	4,126
Kansas	493	470	338	433
Kentucky	1,829	3,250	2,977	2,267
Louisiana	2,984	2,629	3,214	3,542
Maine	1	4	2	2
Maryland	153	241	549	619
Massachusetts	13	-	7	5
Michigan	81	1,583	4,132	2,859
Minnesota	-	-	-	20
Mississippi	3,018	2,683	1,332	1,425
Missouri	762	1,281	1,368	1,361
Nebraska	2,830	2,115	2,000	702
New York	115	74	135	90
North Carolina	60	33	-	-
Ohio	1,814	1,905	2,705	1,927
Pennsylvania	628	645	544	596
South Carolina	1,142	1,604	1,783	2,276
South Dakota	-	-	-	20
Tennessee	2,717	2,485	3,690	2,754
Texas	3	3	5	2
Vermont	19	8	10	17
Virginia	70	78	5	61
West Virginia	109	149	239	93
Total	<u>24,024</u>	<u>31,100</u>	<u>37,006</u>	<u>32,496</u>

Dollar amount of sales by states not available
from company records.

10016791

Question 11. (a) Show for each state the total sales of mixed fertilizers (in tons and dollar value) for each of Grace's plants for the same periods covered in Question 10 (a).

W. R. Grace & Co.
(Excluding Davison)

Shipments of Mixed Fertilizer - by plants into states indicated	Fiscal Years Ended June 30,			
	1951 Tons	1952 Tons	1953 Tons	1954 Tons
<u>Joplin, Mo., Plant</u>				
Arkansas	5,939	5,332	6,082	7,641
Iowa	7,394	7,709	6,348	6,772
Kansas	15,533	9,608	8,193	8,361
Missouri	49,275	47,314	41,517	40,020
Nebraska	128	624	203	307
Oklahoma	3,107	4,017	3,813	5,152
South Dakota	525	201	35	196
Minnesota	440	127	66	214
Illinois	-	65	20	-
North Dakota	-	-	-	63
<u>Lawrence, Kans., Plant</u>				
Iowa	30	1,455	2,518	-
Kansas	3,735	6,122	6,928	2,204
Missouri	4,075	7,738	3,457	6
Nebraska	30	-	90	-
Oklahoma	20	-	-	-
South Dakota	-	55	220	-
Minnesota	-	455	134	-
Illinois	-	80	-	-
North Dakota	-	80	15	-
<u>Trenton, Mo., Plant</u>				
Arkansas	-	-	-	778
Iowa	-	-	6,899	8,844
Kansas	-	-	9	1,604
Missouri	-	-	13,998	17,913
Nebraska	-	-	-	332
Oklahoma	-	-	-	1,116
South Dakota	-	-	52	547
Minnesota	-	-	40	404
Illinois	-	-	29	188
North Dakota	-	-	-	40

W. H. Grace & Co.
(Excluding Davison)

Shipments of Mixed Fertilizer by plants into states indicated	Fiscal Years Ended June 30,			
	1951 Tons	1952 Tons	1953 Tons	1954 Tons
<u>Tulsa, Okla., Plant</u>				
Arkansas	946	443	936	682
Iowa	-	10	464	1,361
Kansas	255	161	507	2,187
Missouri	70	180	1,425	3,128
Nebraska	12	18	53	143
Oklahoma	20,305	18,519	12,429	8,672
South Dakota	15	15	47	84
Minnesota	-	-	-	48
North Dakota	-	-	-	205
Texas	114	76	-	-
<u>Charleston, S. C., Plant</u>				
Georgia	100	100	100	186
South Carolina	25,646	31,432	28,027	23,697
<u>Findlay, Ohio, Plant</u>				
Indiana	-	430	891	739
Michigan	300	1,400	2,488	2,278
Ohio	10,652	15,182	15,204	17,330
<u>Fort Pierce, Fla., Plant</u>				
Florida	18,223	31,792	32,473	39,731
<u>Jacksonville, Fla., Plant</u>				
Florida	41,919	31,270	30,982	23,479
Georgia	290	3,593	2,226	4,238
<u>Spartanburg, S. C., Plant</u>				
Georgia	1,750	987	1,009	251
North Carolina	2,663	3,584	3,663	3,425
South Carolina	3,405	4,572	4,673	3,417
<u>Wilmington, N. C., Plant</u>				
North Carolina	33,954	35,231	33,477	27,927
South Carolina	5,617	7,750	6,311	6,557
<u>Naco (Calif.) - 3 plants</u>				
Arizona	780	385	259	202
California	16,072	18,541	15,043	12,914
Total	273,319	296,703	293,363	285,583

Dollar amount of sales by states are not available from company records.

10016793

Question 11. (b) Please submit the same information for Davison Chemical Corp. for the same period.

Answer:

DAVISON CHEMICAL CORPORATION

Shipments of Mixed Fertilizer by plants into states indicated	Fiscal Years Ended June 30,			
	1951 Tons	1952 Tons	1953 Tons	1954 Tons
<u>Alliance, Ohio, Plant</u>				
Indiana	25	14	42	36
Michigan	1,455	265	76	2
Ohio	16,304	19,564	20,078	18,912
Pennsylvania	-	-	-	1,784
<u>Baltimore, Md., Plant</u>				
Connecticut	116	108	236	255
Delaware	3,480	4,285	4,165	3,842
Florida	-	-	-	180
Maine	60	105	75	67
Maryland	12,626	18,403	24,407	27,803
Massachusetts	326	128	211	247
New Hampshire	55	51	66	22
New Jersey	22	37	22	419
New York	2,168	2,800	3,236	4,883
North Carolina	-	49	25	10
Ohio	26	2	-	-
Pennsylvania	18,934	20,494	22,846	22,380
Vermont	369	503	478	406
Virginia	935	1,088	1,803	1,276
West Virginia	3,981	3,568	3,079	2,864
Washington, D. C.	-	-	17	7
<u>Columbus, Ohio, Plant</u>				
Indiana	4,815	5,722	5,890	5,507
Kentucky	613	1,002	577	199
Michigan	18,743	23,637	7,825	5,625
Ohio	41,708	51,231	60,240	66,922
<u>Nashville, Tenn., Plant</u>				
Alabama	9,784	9,846	9,188	8,395
Kansas	1,399	1,707	1,920	2,523
Kentucky	26,288	33,882	23,500	19,490
Mississippi	635	598	532	324
Missouri	1,930	2,544	2,517	1,410
Tennessee	50,048	56,147	43,709	35,660
<u>New Albany, Ind., Plant</u>				
Illinois	3,933	3,928	3,836	6,443
Indiana	41,808	48,147	50,798	52,448
Kentucky	14,105	17,531	14,717	14,399

(Continued)

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DAVISON CHEMICAL CORPORATION

Shipments of Mixed Fertilizer - by plants into states indicated	Fiscal Years Ended June 30,			
	1951 Tons	1952 Tons	1953 Tons	1954 Tons
<u>Gretna, La., Plant</u>				
Louisiana	8,359	7,016	9,720	8,567
Mississippi	7,361	5,222	5,382	6,963
Texas	89	83	58	58
<u>Perry, Iowa, Plant</u>				
Illinois	256	200	-	-
Iowa	17,949	21,268	36,084	35,907
Kansas	89	428	509	498
Minnesota	1,757	77	186	785
Missouri	7,201	5,581	7,323	6,195
Nebraska	2,824	1,954	2,214	1,485
South Dakota	90	311	401	455
<u>Savannah, Ga., Plant</u>				
Florida	40	-	-	-
Georgia	18,474	20,975	18,623	16,981
North Carolina	1,463	484	201	81
South Carolina	6,990	7,071	7,631	7,287
<u>Lansing, Mich., Plant</u>				
Indiana	-	-	-	305
Michigan	-	41,310	84,208	87,748
Wisconsin	-	-	-	329
Total	<u>349,633</u>	<u>439,366</u>	<u>478,651</u>	<u>478,384</u>

Dollar amount of sales by states not available
from company records.

10016795

Question 12: (c) List the names and addresses of Grace's three principal suppliers in 1953 of (1) nitrogen, in its various forms, (2) phosphate rock, (3) superphosphates, (4) triple superphosphates, (5) potash in its various forms, (6) phosphoric acid, (7) other fertilizer materials, (8) sulphate of ammonia, and (9) sulfuric acid.

Answer: See answer to Question 12 (b).

Question 12: (b) State the dollar value purchased from each supplier, and the percentage which each purchase was of Grace's total purchases of such products in 1953.

Answer:

Principal Material Suppliers
During Calendar Year 1953

<u>Name and Address</u> <u>of Supplier</u>	<u>Dollar</u> <u>Value</u> <u>Purchased</u>	<u>Percentage</u> <u>of Total</u> <u>Purchases</u>
<u>1. Material: Nitrogen</u>		
Spencer Chemical Co., Kansas City, Mo.	\$1,064,921	20.1
Balfour, Guthrie & Co. San Francisco, Calif.	737,027	13.9
Allied Chemical & Dye Corp., New York, N. Y.	557,635	10.5
<u>2. Material: Phosphate Rock</u>		
American Cyanamid, New York, N. Y.	273,311	54.1
International Minerals & Chemical Corp., Chicago, Ill.	135,231	26.7
The Davison Chemical Corp., Baltimore, Maryland	97,131	19.2
<u>3. Material: Superphosphates</u>		
Armour & Co., Chicago, Ill	413,309	56.0
Wilson & Geo. Meyer & Co. San Francisco, Calif.	125,879	17.1
International Minerals & Chemical Corp., Chicago, Illinois	68,252	9.2
<u>4. Material: Triple Superphosphates</u>		
Bradley & Baker, New York, N. Y.	428,539	71.8
U. S. Phosphoric, New York, N. Y.	95,475	16.0
Wilson & Toomer, Charleston, S. C.	27,063	4.5

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(Continued)

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<u>Name and Address of Supplier</u>	<u>Dollar Value Purchased</u>	<u>Percentage of Total Purchases</u>
<u>5. Material: Potash</u>		
U.S. Potash Co., New York, N. Y.	\$177,400	19.0
International Minerals & Chemical Corp., Chicago, Illinois	171,456	18.4
Potash Company of America, Washington, D. C.	109,578	11.7
<u>6. Material: Phosphoric Acid</u>		
Westvaco Chemical Co., Lawrence, Kansas	196,611	100.0
<u>7. Material: Other Fertilizer Materials</u>		
W. R. E. Andrews Sales, Inc. Philadelphia, Pa.	40,699	21.7
Tennessee Corp., New York, N. Y.	33,374	17.8
Mangco Corp., Baltimore, Md.	21,488	11.5
<u>8. Material: Sulphate of Ammonia</u>		
Phillips Chemical Co., Kansas City, Mo.	156,486	24.4
Gonzales International Corp., New York, N. Y.	106,362	16.6
H. J. Baker, New York, N. Y.	95,595	14.9
<u>9. Material: Sulphuric Acid</u>		
Ozark-Mahoning Co., Tulsa, Oklahoma	330,736	60.6
Atlas Powder Co., Joplin, Mo.	214,786	39.4

10016797

Question 12. (c) Please submit the same information for the Davison Chemical Corp. for the same period.

Answer:

Principal Material Suppliers
During Calendar Year 1953

<u>Name and Address</u> <u>of</u> <u>Supplier</u>	<u>Dollar</u> <u>Value</u> <u>Purchased</u>	<u>Percentage</u> <u>of Total</u> <u>Purchases</u>
<u>1. Material: Nitrogen</u>		
Allied Chemical & Dye Co. (Nitrogen Division, New York, N. Y.	\$1,280,187	24.3
Olin-Mathieson Co., Baltimore, Md.	1,049,559	20.0
Spencer Chemical Company, Kansas City, Mo.	763,252	14.5
<u>2. Material: Phosphate Rock</u>		
International Minerals & Chemical Corp., Chicago, Ill.	134,811	71.5
American Cyanamid, New York, N. Y.	42,768	22.7
Swift & Co., Chicago, Ill.	7,344	3.9
<u>3. Material: Superphosphates</u>		
Southern Fertilizer & Chemical Company, Savannah, Ga.	131,181	51.2
Swift & Co., Chicago, Ill.	98,592	38.5
Indiana Farm Bureau, Indianapolis, Ind.	18,079	7.0
<u>4. Material: Triple Superphosphates</u>		
U.S. Phosphoric, New York, N. Y.	568,597	67.3
Armour & Co., Curtis Bay, Md.	114,274	13.5
H. T. Baker & Bros., New York, N. Y.	11,090	1.3
<u>5. Material: Potash</u>		
Potash Company of America, Washington, D. C.	543,362	17.8
Ashcraft-Wilkinson, Norfolk, Va.	452,446	14.8
Southwest Potash Company, New York, N. Y.	295,201	9.7
<u>6. Material: Phosphoric Acid</u>		
Western Electric Co., New York, N. Y.	367,644	55.8
Monsanto Chemical Company, New York, N. Y.	215,301	32.7
Shea Chemical Company, Baltimore, Md.	73,741	11.2

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(Continued)

Name and Address of Supplier	Dollar Value Purchased	Percentage of Total Purchases
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7. Materials: Other Fertilizer Materials

Monsanto Chemical Company, New York, N. Y.	\$ 27,100	9.8
Warren Bros. Roads Company, Nashville, Tenn.	24,690	8.9
W. E. Anderson & Sons, Columbus, Ohio	11,763	4.3

8. Material: Sulfate of Ammonia

U.S. Steel Corp., Pittsburgh, Pa.	501,515	28.9
Jones & Laughlin Steel Co., Pittsburgh, Pa.	168,708	9.7
Bethlehem Steel Company, Baltimore, Md.	144,863	8.3

9. Material: Sulfuric Acid

E. I. duPont de Nemours, Inc., Wilmington, Del.	1,356,946	31.3
Consolidated Chemical Industries, Inc., Houston, Tex.	492,871	11.4
Tennessee Corporation, Atlanta, Ga.	391,160	9.0

Question 13. (a) Give the date when Grace's new nitrogen plant located at Woodstock, Tennessee, was put into commercial operations and show the capacity for (i) ammonia, (ii) urea, and (iii) other nitrogenous materials.

Answer: Grace Chemical Company's nitrogen plant located at Woodstock, Tennessee was put into commercial operation in December 1954 as regards anhydrous ammonia and May 1955 as regards urea.

(i) The capacity for anhydrous ammonia for this plant is 250 tons per day.

(ii) The capacity for urea for this plant is 150 tons per day.

(iii) No other nitrogenous materials are produced.

Question 13. (b) Show the monthly production (in tons) of each of these products since beginning operations.

Answer: The monthly production for anhydrous ammonia and for urea since the plant commenced operations was as follows:

	Anhydrous Ammonia (Tons)	Urea (Tons)
December 1954	773	-
January 1955	6,318	-
February 1955	6,851	-
March 1955	7,160	-
April 1955	8,277	-
May 1955	8,328	949

Question 13. (c) What proportion of Grace's requirements (in tons) of each of these products will be supplied by the Woodstock plant? Please submit the same information for the Davison Chemical Corp.

Answer: The only intercompany sales presently foreseen for the Grace Chemical Company's Woodstock plant will be to Davison.

On an annual basis, Davison's requirements of anhydrous ammonia are approximately 39,000 tons and it is possible that up to approximately 10,000 tons of this requirement can be supplied from the Woodstock plant. There have been no sales to date to Davison.

Davison's requirements for urea for use in manufacturing mixed fertilizers is almost nil.

However, arrangements may be made wherein Davison will market as a resale material some of Grace Chemical Company's output of prilled urea. No firm commitments have yet been made along these lines and no sales of urea to Davison have yet been made.

Question 13. (d) Show the quantities (in tons) of each of these products which will be available for sale to other fertilizer mixers.

Answer: It is estimated that approximately 25,000 tons of urea and 5,000 tons of ammonia will be sold per annum to other fertilizer mixers.

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Question 14. (a) Give the date when the Davison Chemical Corp.'s new plant at Bartow, Florida, was put into operations and show the capacity for the production of (i) superphosphates, (ii) triple superphosphates, (iii) sulfuric acid, and (iv) other products.

Answer: Production capacities and dates on which operations began:

Product	Date Operations Began	Plant Capacities
(i) Superphosphates	-	None
(ii) Triple Superphosphates	Feb. 1954	200,000 tons - 45% P_2O_5
(iii) Sulfuric Acid	Jan. 1954	190,000 tons - 100% H_2SO_4
(iv) Phosphoric Acid	Jan. 1954	96,000 tons - 100% H_3PO_4

Question 14. (b) Show the monthly production (in tons) of each of these products since beginning operations.

Answer: Monthly production of triple superphosphate since beginning operations:

Month	Tons
February 1954	997
March "	5,835
April "	7,075
May "	13,251
June "	10,108
July "	10,435
August "	17,249
September "	14,069
October "	19,771
November "	11,535
December "	18,346
January 1955	11,388
February "	16,284
March "	14,091
April "	15,242
May "	21,094

Note: Production of sulfuric acid and phosphoric acid has not been tabulated herein, as these products are raw materials for, and are consumed entirely in, the manufacture of triple superphosphate, with the exception of an estimated 2,400 tons of sulfuric acid used in recovering concentrates in the phosphate rock operations.

Question 14. (c) Show for each grade of these products (i) the quantity used in the operations of the Davison Chemical Corp., (ii) the quantity used in the operations of W. R. Grace & Company, (iii) the quantity already committed on long-term contracts with other companies (giving the names and addresses of the contracting parties), contract commitments (in tons), the date of expiration of each contract and (iv) the quantity available for all other sales. Name the patents under which the plant is operating.

Answer: Under normal conditions, it is estimated the production of triple superphosphate will be distributed in the following manner:

		<u>Tons</u>
(i) For use in operations of plants formerly owned by The Davison Chemical Corporation		63,400
(ii) For use in operations of (plants formerly owned by Naco (W. Va.) and Thurston) W. R. Grace & Co.		5,000
(iii) Committed on long-term contracts		
	<u>Expiration of Contracts</u>	<u>Tons</u>
Farm Bureau Cooperative Association, Inc., Columbus, Ohio	June 30, 1959	16,000
Farm Bureau Services, Inc., Lansing, Mich.	June 30, 1959	18,000
Illinois Farm Supply Company (Inc.), Chicago, Ill.	June 30, 1959	17,500

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	<u>Expiration of Contracts</u>	<u>Tons</u>
Minnesota Farm Bureau Service Co. (Inc.), St. Paul, Minn.	June 30, 1959	17,500
Total		69,000
(iv) All Other Sales		62,600
Total		200,000

Notes: (1) There are no known patents under which this plant is operating.
(2) See Note in Answer 14. (b) relative to other products produced at this plant (sulfuric acid and phosphoric acid).

Question 15. (a) Show total capacity, total production, and total sales for each of the following products: (i) synthetic cracking catalysts, (ii) silica gel, (iii) silicofluorides, and (iv) sodium silicate.

Answer: (Dollars in Thousands)

Fiscal Year Ended
June 30, 1953

<u>Product</u>	<u>Total Annual Capacity</u>	<u>Total Production</u>	<u>Total Sales</u>
(i) Synthetic Cracking Catalyst	69,500	47,944	\$13,645
(ii) Silica Gel	12,500	9,847	5,158
(iii) Silicofluorides	(A)	3,724	927
(iv) Sodium Silicate Glass	94,500	7,098	(B)

(See Following Page For Notes)

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Notes: (A) The base material for the fluoride products is a by-product of the superphosphate plant, and, therefore, the rate of production of these products is dependent upon the rate of production of superphosphate at any given time.

(B) Produced only at Lake Charles, La., plant and used exclusively in the production of synthetic cracking catalyst. The Lake Charles, La., plant began operations in March 1953.

Question 15. (b) Give the names and addresses of the 10 largest purchasers from Davison of each of the following products: (i) synthetic cracking catalysts, (ii) silica gel, and (iii) silicofluorides. Specify the value of purchases by each of these customers during 1953:

Answer: Following are the 10 largest purchasers from Davison of each of the products as indicated and the dollar value of such purchases by each for the year ended June 30, 1953:

(1) Synthetic Cracking Catalysts

1. Atlantic Refining Company Philadelphia, Pa.	\$ 1,322,038
2. Esso Standard Oil Company, New York, N. Y.	5,804,238
3. McCall-Frontenac Oil Company, Montreal, Quebec	352,059
4. Standard Oil Company of Ohio, Cleveland, Ohio	27,594
5. Pan American Refining Corporation, New York, N. Y.	675,141
6. Shell Oil Company, New York, N. Y.	520,091
7. Standard Oil Company of Indiana, Chicago, Illinois	235,607
8. The Texas Company, New York, N. Y.	373,722
9. Cities Service Refining Corp., Lake Charles, Louisiana	178,348
10. Cities Service Oil Company, Bartlesville, Oklahoma	886,729
Total	1001,805
	<u>\$10,355,571</u>

(ii) Silica Gel

1. American Hard Rubber Company, New York, N. Y.	\$ 164,586
2. General Electric Company, Schenectady, N. Y.	133,959
3. Sylvania Electric Products, Inc., Towanda, Pa.	383,137
4. Western Electric Company, New York, N. Y.	299,610
5. E. I. duPont de Nemours Co., Inc., Wilmington, Del.	18,139
6. General Motors Corporation, Detroit, Mich.	101,811
7. C. M. Kemp Manufacturing Co., Baltimore, Md.	27,871
8. Mine Safety Appliance Co., Pittsburgh, Pa.	23,768
9. Mueller Brass Company, Port Huron, Michigan	21,667
10. Sani-Smoke, Inc., New York, N. Y.	27,914
Total	<u>\$ 1,202,466</u>

(iii) Silicofluorides

1. Henry Sundheimer Company, New York, N. Y.	\$ 396,222
2. Ceramic Color & Chemical Co., New Brighton, Pa.	56,878
3. Bendix Aviation Corporation, Teterboro, New Jersey	13,976
4. Collins & Aikman, Philadelphia, Pa.	17,836
5. Pemco Corporation, Baltimore, Md.	48,354
6. Kraft Chemical Corporation, Chicago, Illinois	15,663
7. McGean Chemical Company, Cleveland, Ohio	99,069
8. Moreland Chemical Company, Spartanburg, S. C.	12,128
9. The Opalco Laboratory, McKeesport, Pa.	13,132
10. Lehigh Valley Chemical Company, Easton, Pennsylvania	21,911
Total	<u>\$ 695,172</u>

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Question 15. (c) Identify the chief competitors of Davison in (i) synthetic cracking catalysts, (ii) silica gel, and (iii) silicofluorides during 1953 and designate the competitive products for each company.

Answer: Following are the chief competitors of Davison during 1953 in the product categories listed, with the competitive products of each company indicated, when applicable:

(i) Synthetic Cracking Catalysts

- American Cyanamid Company
 - "Aerocat" Fluid Cracking Catalyst (Synthetic)
 - "Triple A" " " "
 - "Ultra" Forming Catalyst "
- National Aluminate Company
 - "Nalcat" Fluid Cracking Catalyst (Synthetic)
- Morton Salt Co.
 - Fluid Cracking Catalyst (Synthetic)
- Filtrol Corporation
 - "SR" Fluid Cracking Catalyst (Clay)
 - "58" " " " "

(ii) Silica Gel

a) Protek-Sorb Packaging Desiccant

- Eagle Chemical Company - silica gel and clay desiccants
- Culligan, Inc. - clay desiccants
- Filtrol Corporation - clay desiccants

b) Bulk Desiccants

- Aluminum Company of America - activated alumina
- Socony-Vacuum Oil Company - activated silica/alumina

c) Fine Silicas

- Monsanto Chemical Co. - Santocel
- Columbia-Southern, Division of Pittsburgh Plate Glass Co. - HiSil
- Attapulugus Clay Company - Atta Sorb (Napalm Thickener)

(444) 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

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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 10016811
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 Epervan, 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 and 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 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 (CHRYOVAC) 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.

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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.

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.

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