W. R. GRACE & CO.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1960	Times Charges Earned 1959	Interest Dates	Call Price	Price Range 1960	Price Range 1932–60
1. 5% notes payable 1964-90	[1]--	$111,000,000	3.21	3.59	--------	[1]--	[1]-------	[1]-------
2. 4% bank loan, 1962-65	[1]--	20,000,000			--------	[1]--	[1]-------	[1]-------
3. Conv. subord. deb. 3½s, 1975	Ba	29,858,000			M&N15	[3]--	97½–87½	[4]117¼–80½
4. Miscellaneous	----	3,479,313			--------	[1]--	-------	-------
5. Grace Line, Inc. 4¼% Santa Rosa	Aaa	8,971,000			--------	----	94 –90	[4]102¼–90
6. Grace Line, Inc. 4 1/5% Santa Paula	Aaa	8,893,000			J&J 1	[2]--	93½–90½	[4]101½–89
7. Grace Line, Inc. 3½% mtge., 1961-65	[1]--	799,566			A&O 1	[3]--	[1]-------	[1]-------
8. Cosden Petroleum Corp.	[1]--	11,500,000			--------	[1]--	[1]-------	[1]-------

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1960	Earned per Sh. 1959	Divs. per Sh. 1960	Divs. per Sh. 1959	Call Price	Price Range 1960	Price Range 1932–60
1. 6% cum. preferred	$100	40,000 shs.	$405.51	$370.68	$6.00	$6.00	---	[1]-------	[1]-------
2. 8% cum. class A preferred	100	48,132 shs.	332.01	303.07	8.00	8.00	---	[1]-------	[1]-------
3. 8% non-cum. class B preferred	100	37,951 shs.	410.93	374.23	8.00	8.00	---	[1]-------	[1]-------
4. Common	1	4,762,174 shs.	[5]3.21	[5]2.98	[6]1.60	[6]1.60	---	44⅞–32½	[2]60¼–23

[1]Privately placed. [2]Range since 3-for-1 split in Dec., 1949; range from 1946 (after split in Dec., 1945) to 1949 (before split in Dec., 1949), 130-95; range from 1944 (after split in Dec., 1943) to 1945 (before split in Dec., 1945), 160-70; range from 1940 to 1943 (before split in Dec., 1943), 130-70. [3]See text. [4]Range since issuance. [5]Based on average shares outstanding during year, earned per share amounted to: 1960, $3.22; 1959, $3.04; 1960 also included equity in earnings of Grace Nat. Bk. [6]Also 2% in stock. [7]After deducting 112,642 shares received in liquidation of Grace Staff Corp. and reserved under stock option plan.

HISTORY

Incorporated under Connecticut laws June 20, 1899, as successor to a business formed in 1854 in Peru.

Initially company was engaged in trade, shipping and finance. Later developed manufacturing in Latin America and chemical operations are now principal business.

In September, 1953, company acquired controlling interest in Davison Chemical Corp. (Md.), manufacturers of agricultural and industrial chemicals and in May, 1954, company was merged.

Under the merger plan 1.4 common shares were exchanged for each share of Davison common. Holders of Davison $50 par preferred stock received $50 of 4¼% convertible subordinate debentures and $5 in cash.

On Nov. 1, 1954 merged Dewey & Almy Chemical Co. by share for share exchange.

In July 1959, purchased assets of Hatco Chemical Co., manufacturer of plasticizers and jet lube materials, for 126,000 shares.

In Jan. 1960, acquired for cash 53% stock interest in Cosden Petroleum Corp., an integrated oil company and producer of petrochemicals.

SUBSIDIARIES AND AFFILIATES

Company owns entire capital stock of Grace Line Inc.; 50% of Gulf & South American Steamship Co. (other 50% owned by Lykes Bros. Steamship Co., Inc.); 50% of Pan American Grace Airways Inc. (other 50% owned by Pan American World Airways Inc.) operating between Panama and Buenos Aires via west coast of South America and with service to New York, Washington and Miami via agreements with Pan American World Airways and National Airlines.

In May, 1961, Federal District Court at New York ordered Pan American World Airways, Inc. to divest itself of its 50% holdings in Pan American-Grace Airways, Inc., upholding initial judgment handed down Mar. 8 which, among other things, dismissed charges of violation of anti-trust laws brought against W. R. Grace & Co.

Company owns 80% of capital stock of Grace National Bank of New York, 80% of Griswold & Co., Inc. and 53% of stock of Cosden Petroleum Corp. (appended statement).

Other subsidiaries have investments in paper plants, textile mills, sugar estates, other industrial plants, commercial and agency offices abroad.

BUSINESS

Principally a U. S. chemical manufacturing company. Other important activities are foreign industry in Latin America with emphasis on manufacturing of paper and chemicals; chemical manufacturing in Europe; operation of steamships, and banking and insurance.

Principal office located in New York: other major offices are located in several cities in the U. S. Foreign offices are maintained in South and Central America, Europe, Australia, Canada, New Zealand, Mexico, Puerto Rico, and Trinidad.

Chemical Group comprises eight divisions: Cryovac, Davison Chemical, Dewey & Almy Chemical, Nitrogen Products, Hatco Chemical, Overseas Chemical, Polymer Chemicals, and Research.

Cryovac Division manufactures irradiated and other plastic films and bags for packaging, and packaging equipment. Division's 4 plants are located in Cedar Rapids, Ia., Simpsonville, S. C., Woburn, Mass., and Toronto, Can.

Davison Division manufactures principally industrial and agricultural chemicals including petroleum catalysts, silica gels, sulphuric acid, superphosphates, triple superphosphates, nuclear reactor materials, and mixed fertilizers. Davison Division has a total of 20 plants located in Alliance, O.; Bartow, Fla.; Baltimore, Md.; Charleston, S. C.; Cincinnati and Columbus, O.; Erwin and Nashville, Tenn.; Findlay, O.; Fort Pierce, Fla.; Joplin, Mo.; Lake Charles, La.; Lansing, Mich.; New Albany, Ind.; Perry, Ia.; Pompton Plains, N. J.; Gallup, N. M.; Wakarusa, Ind.; Valley Field, Que. Manages Toa Alta, P. R., production of ultra high purity silicon by International Metalloids, Inc.

Dewey and Almy Division produces principally container-sealing compounds, battery separators, copolymer latices and resins, polyvinyl acetate and polyfibron products; operates 9 plants at Cambridge, Adams, Worcester, and Acton, Mass.; Chicago, Ill.; San Leandro, Calif.; Owensboro, Ky.; Quakertown, Pa. and Montreal, Can.

Overseas Chemical Division exports and produces products of Dewey and Almy Division: Cryovac Division and other chemical divisions abroad in 15 plants at England, Australia, France, Germany, Italy, Brazil, Argentina, Mexico and New Zealand.

Nitrogen Products Division produces ammonia and urea at Memphis, Tenn. and Port of Spain, Trinidad and ammonia-ammonium-sulfate at Guanica, P. R.

Hatco Chemical Division produces at Fords, N. J., esters used in making synthetic rubbers, vinyl resins and jet lubes. Also manufactures sebacic acid and capryl alcohols.

Polymer Chemicals Division operates a plant in Baton Rouge, La. producing high density polyethylene. Division also offers polystyrene resins and low and medium density polyethylene resins and polypropylene.

Research Division carries on central research and development work designed to find new fields of growth for chemical operations. Main research facilities at Clarksville, Md.

Latin American Operations are principally in Peru, Chile, Colombia and also in Bolivia, Ecuador, Central America and Panama. The most important operations are sugar growing and refining, paper manufacturing and paper converting (using bagassee pulp), chemicals, textile manufacturing, food products and paints. Company conducts extensive merchandising activities in most of these countries, also grows and cleans coffee and mines tungsten and tin.

A Peruvian chlorine-caustic soda plant was recently completed. Company also owns majority interests in 3 small chemical companies in Colombia and a synthetic resins plant in Chile.

In 1960 company sold to International Paper Co. its paper mill in Puerto Rico, a paper converting plant in Puerto Rico and one in Mexico and a 50% interest in company's Colombian paper mill to be completed in 1961.

Steamship Operations include operations of Grace Line's 32 vessels having approximate deadweight capacity of 319,884 tons. Grace Line offers three services: East Coast of U. S. to West Coast of South America, East Coast of U. S. to Caribbean including North Coast of South America, West Coast of U. S. to West Coast of Central and South America.

Steamship Group also supervises company's 50% investment in Gulf & South American Steamship Co., operating 5 ships from U. S. Gulf Coast to West Coast of South America.

For statement of Grace Line see Moody's Transportation Manual.

Libyan Oil & Exploration: In Libya, W. R. Grace & Co., Texas Gulf Producing Co. and Standard Oil Co. (N. J.) are associated in an oil exploration venture, where two potentially productive fields, in which company's interest is 24.5% are being developed. Under agreement company may sell its share of oil produced to Esso. Company expects to participate in construction of pipe line and terminal facilities on Mediterranean Coast to be completed in 1962. Company and Texas Gulf also have rights to 2 other concessions.

Fleet Replacement Contract: On Jan. 17, 1956, Grace Line, Inc., subsidiary, signed a 20-year contract with Federal Maritime Board which calls for replacement of fleet with construction and operating subsidies. The liners Santa Rosa and Santa Paula were delivered in 1958. Grace Line in 1960 took delivery of 2 container ships. Much of the financing for the ship replacement program will be obtained through sale of government insured ship mortgage bonds. Grace Line Inc. in 1958 issued $18,000,000 of such bonds; for description, see below.

MANAGEMENT

Officers:

J. P. Grace, President
A. T. Daignault, Exec. Vice-President
J. C. Griswold, Exec. Vice-President
F. E. Larkin, Exec. Vice-Pres.
A. S. Rupley, Exec. Vice-President
A. B. Shea, Exec. Vice-President
O. V. Tracy, Exec. Vice-President
J. T. Whitely, Exec. Vice-President
T. E. Hanigan, Jr., Vice-President
W. B. McCloskey, Vice-President
Franklin Moon, Vice-Pres. & Secretary
J. D. J. Moore, Vice-President
D. W. Robbins, Jr., Vice-President
K. A. Lawder, Treasurer
F. R. Feuss, Controller

Directors:

J. T. Cahill, New York
E. A. Eyre, New York
J. P. Grace, New York
J. C. Griswold, New York
F. G. Kingsley, New York
J. T. Madden, New York
W. J. McNeil, New York
Roger Milliken, New York
J. J. Minot, Boston
J. H. Phipps, Tallahassee, Fla.
M. G. Phipps, New York
E. W. Pyne, New York
A. S. Rupley, New York
Whitney Stone, New York
O. V. Tracy, New York

PLAINTIFF'S EXHIBIT WRG-1559

Directors Emeritus:

Bradley Dewey, Maynard, Mass.
C. F. Hockley
P. L. Reed
H. J. Roig

Annual Meeting: May 10 or first business day thereafter.

Auditors: Price Waterhouse & Co.

No. of Stockholders: Dec. 31, 1960: Preferred, 65; class A, 158; class B, 284; common 31,306.

No. of Employees: Dec. 31, 1960, 40,600.

General Office: 7 Hanover Sq., New York 5, N. Y.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31

(Taken from reports filed with Securities and Exchange Commission)

	1960	1959	1958	1957	1956	1955	[8]1954
Net sales	$469,427,749	$366,045,735	$326,504,451	$344,753,616	$335,996,081	$331,773,624	$320,976,403
Operating revenues	83,443,169	103,649,936	107,729,940	114,973,937	102,140,553	95,292,705	92,425,502
Total sales & operating revenues	$552,870,918	$469,695,671	$434,234,391	$459,727,553	$438,136,637	$427,066,329	$413,401,905
[1]Cost of goods sold	334,787,385	259,293,663	229,626,966	248,935,882	250,334,925	250,660,433	250,513,624
[1]Operating expenses	120,361,635	122,910,957	125,246,490	127,629,237	106,116,705	102,878,369	101,288,063
[1]General & adm. expenses	35,208,422	36,022,717	34,738,575	33,919,203	32,164,665	27,684,005	26,121,458
Depreciation and depletion	28,201,079	21,809,853	20,717,601	17,620,937	14,287,007	14,128,258	11,527,351
Subsidy on steamship operations	cr 12,644,091	cr 12,697,930	cr 12,009,741	cr 12,004,699	cr 11,957,657	cr 11,384,019	cr 9,743,206
[2]Prov. recapture prfts. of Grace Line	--------	cr 1,823,343	830,444	2,930,801	1,903,329	2,259,022	3,500,351
Explor. expend Libyan oil project	1,480,599	256,056	608,779	2,084,430	1,211,106	--------	--------
Research & development exp.	10,475,019	8,757,072	8,044,183	8,703,589	6,813,009	4,182,805	--------
Operating profit	35,000,870	35,166,626	26,431,094	29,908,173	37,263,548	36,027,447	30,194,254