

ACD 130 E

REQUEST FOR CAPITAL APPROPRIATION

Originating Unit DEWEY AND ALMY CHEMICAL DIVISION RCA NO. 225

Title of Project ACQUISITION OF ZONOLITE COMPANY

Amount Budgeted for Equity Investment \$ None Amount to be Authorized for Equity Investment \$9,625,000

Total Capital Employed \$ 8,750,000 Return on Total Capital Employed. 7.9%

Grace Equity (100%) Net of Borrowings \$ 8,750,000 Payout of Total Capital Employed 7.5 Yrs

	1963	1964	1965	1966
Projected Zonolite Earnings per Grace Acquisition Share	\$2.76	\$3.12	\$3.44	\$3.84

Description, Justification, and Financing:

This RCA provides for the acquisition of the assets and business of the Zonolite Company, a Montana corporation, organized in 1922, whose over-the-counter stock is owned by about 3,500 stockholders. Zonolite is one of the free world's leading producers of vermiculite, a mica-type mineral which expands when heated. The principal current use of expanded vermiculite is in the construction industry as thermal and acoustical insulation and as an aggregate for lightweight insulative concrete. The one large commercial deposit of vermiculite in the western hemisphere is in northwestern Montana and is Zonolite owned. The other significant western hemisphere commercial deposits are in scattered small mines in the northwestern part of South Carolina and are largely Zonolite owned.

The acquisition is to be effected by the issuance of one share of W. R. Grace & Co. common stock for each four Zonolite common shares outstanding. It will require issuance of 275,000 Grace shares at closing (presently planned for Jan. 31, 1963) based on the 1,100,000 shares of Zonolite stock estimated to be outstanding at that time.

The acquisition agreement is subject to the approval of the Boards of Directors of Grace and Zonolite and of the Zonolite stockholders for which a meeting is planned around January 10, 1963.

APPROVALS

Division Manager	Date	ACD	Date
Asst. Treasurer <u>R. W. Samuel</u>	<u>11-21-62</u>	Group Executive <u>TRACY</u>	<u>11/30/6</u>
Executive Vice President <u>W. L. Taggart</u>	<u>11-21-62</u>	President	
President <u>George W. B. Ford</u>	<u>11/21/62</u>	Board of Directors <u>FM</u>	<u>12/6/62</u>
		<u>Frank Moon - alive</u>	