



**W. R. GRACE & CO. – GCP APPLIED TECHNOLOGIES INC. SPIN-OFF TAX BASIS INFORMATION**

**THIS IS A SUMMARY ONLY – PLEASE CONSULT YOUR TAX ADVISOR AND REVIEW FORM 8937 WITH RELATED ATTACHMENT**

There are several possible methods for determining the fair market values of W. R. Grace & Co. (“Grace”) common stock and GCP Applied Technologies Inc. (“GCP”) common stock. One possible approach may be to utilize the New York Stock Exchange market closing price on February 4, 2016 for Grace common stock (\$67.95 per share) and for GCP common stock (\$16.90 per share) as an indication of the fair market value. Based on the closing New York Stock Exchange market closing price on February 4, 2016 and the assumptions and calculations set forth in Item 16 of Form 8937, 80.082% of a Grace shareholder’s aggregate tax basis in his or her shares of Grace common stock immediately prior to the distribution of GCP common stock (“Distribution”) would be allocated to such shareholder’s shares of Grace common stock and 19.918% would be allocated to such shareholder’s shares of GCP common stock received in the Distribution (including any fractional share interest in GCP common stock for which cash is received).

The following is an example of how the above-described approach to basis allocation would be applied:

**Assumptions:**

- Shares of Grace common stock owned: 100
- Grace shareholder’s aggregate tax basis (assumed to be \$10 per share): \$1,000
- Shares of GCP common stock received in the Distribution (distribution ratio of 1:1): 100

**Tax basis allocation:**

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Grace common stock	100	\$1,000	\$67.95 <sup>1</sup>	\$6,795 <sup>3</sup>	80.082% <sup>5</sup>	\$800.82
GCP common stock	100		\$16.90 <sup>2</sup>	\$1,690 <sup>4</sup>	19.918% <sup>6</sup>	\$199.18
<b>Total</b>				<b>\$8,485</b>	<b>100%</b>	<b>\$1,000.00</b>

<sup>1</sup> Closing market price of Grace common stock on February 4, 2016.

<sup>2</sup> Closing market price of GCP common stock on February 4, 2016.

<sup>3</sup> 100 shares x \$67.95

<sup>4</sup> 100 shares x \$16.90

<sup>5</sup> \$6,795/\$8,485

<sup>6</sup> \$1,690/\$8,485

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

## Part I Reporting Issuer

1 Issuer's name <b>W. R. Grace &amp; Co.</b>		2 Issuer's employer identification number (EIN) <b>65-0773649</b>	
3 Name of contact for additional information <b>Tania Almond</b>	4 Telephone no. of contact <b>(410) 531-4167</b>	5 Email address of contact <b>investor.relations@grace.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>7500 Grace Drive</b>		7 City, town, or post office, state, and Zip code of contact <b>Columbia, MD 21044</b>	
8 Date of action <b>February 3, 2016</b>		9 Classification and description <b>Distribution of common stock of GCP Applied Technologies Inc.</b>	
10 CUSIP number <b>38388F 108</b>	11 Serial number(s)	12 Ticker symbol <b>GRA</b>	13 Account number(s)

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ [See Attachment.](#)

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ [See Attachment.](#)

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ [See Attachment.](#)

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attachment.](#)

18 Can any resulting loss be recognized? ▶ [See Attachment.](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attachment.](#)

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Don Teichen

Date ▶ February 8, 2016

Print your name ▶ **Don Teichen**

Title ▶ **Director of Tax**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's name ▶				Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054



Talent | Technology | Trust™

W. R. GRACE & CO.

EIN: 65-0773649

ATTACHMENT TO IRS FORM 8937 – PART II  
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

---

**CONSULT YOUR TAX ADVISOR**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of W. R. Grace & Co. ("Grace") common stock and the allocation of tax basis between the common stock of Grace and GCP Applied Technologies Inc. ("GCP") following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Grace nor GCP provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws. We urge you to read the registration statement on Form 10 of GCP, as filed with the Securities and Exchange Commission on August 5, 2015, as amended or supplemented (the "Form 10"), noting especially the discussion under the heading "Material U.S. Federal Income Tax Consequences". You may access the Form 10 at GCP's investor relations website, <http://investor.gcpat.com/>.

This notice does not apply to shares of Grace common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution.

**14. Describe the organizational action, and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:**

On February 3, 2016, pursuant to the terms and conditions of the Separation and Distribution Agreement dated as of January 27, 2016, by and among Grace, W. R. Grace & Co.—Conn. and GCP, Grace distributed to holders of Grace common stock (as of the record date of January 27, 2016), on a pro rata basis, all of the issued and outstanding shares of common stock of GCP owned by Grace (the "Distribution"). Pursuant to the Distribution, each holder of Grace common stock as of the close of business on January 27, 2016, received one share of GCP common stock for every one share of Grace common stock held. Grace shareholders received cash in lieu of any fractional shares of GCP common stock.

GCP common shares trade under the ticker symbol "GCP". Grace common shares will continue to trade under the ticker symbol "GRA".

**15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:**

As a result of the Distribution, Grace shareholders will be required to allocate the aggregate tax basis in their Grace common shares held immediately before the Distribution among the GCP common shares received in the Distribution (including any fractional share interest in GCP common stock for which cash is received) and their Grace common shares held immediately after the Distribution. A shareholder's aggregate tax basis in his or her shares of Grace common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the Grace common stock and the GCP common stock. Shareholders that acquired Grace common stock at different times or

different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the Grace common stock and the GCP common stock received with respect thereto.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Grace common stock and the GCP common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of Grace common stock and GCP common stock. One possible approach may be to utilize the New York Stock Exchange market closing price on February 4, 2016 for Grace common stock (\$67.95 per share), and the New York Stock Exchange market closing price on February 4, 2016 for GCP common stock (\$16.90 per share) as an indication of the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below, **80.082%** of a Grace shareholder's aggregate tax basis in his or her shares of Grace common stock immediately prior to the Distribution would be allocated to such shareholder's shares of Grace common stock and **19.918%** would be allocated to such shareholder's shares of GCP common stock received in the Distribution (including any fractional share interest in GCP common stock for which cash is received). Other approaches to determine fair market value may also be possible. You are not bound by the approach illustrated above and may, in consultation with your tax advisor, use another approach in determining fair market values for Grace and GCP common stock.

**16. Describe the calculation of the change in basis and the data that support the calculation, such as the market values of securities and the valuation dates:**

The following is an example of how the above-described approach to basis allocation would be applied. Assumptions:

- Shares of Grace common stock owned: 100
- Grace shareholder's aggregate tax basis (assumed to be \$10 per share): \$1,000
- Shares of GCP common stock received in the Distribution (distribution ratio of 1:1): 100

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Grace common stock	100	\$1,000	\$67.95 <sup>1</sup>	\$6,795 <sup>3</sup>	80.082% <sup>5</sup>	\$800.82
GCP common stock	100		\$16.90 <sup>2</sup>	\$1,690 <sup>4</sup>	19.918% <sup>6</sup>	\$199.18
Total				\$8,485	100%	\$1,000.00

<sup>1</sup> Closing market price of Grace common stock on February 4, 2016.

<sup>2</sup> Closing market price of GCP common stock on February 4, 2016.

<sup>3</sup> 100 shares x \$67.95

<sup>4</sup> 100 shares x \$16.90

<sup>5</sup> \$6,795/\$8,485

<sup>6</sup> \$1,690/\$8,485

**17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:**

Except with respect to any cash received in lieu of fractional interests in GCP common stock, Grace shareholders should not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of the GCP common stock pursuant to the Distribution under Section 355(a) of the Code. The tax basis calculations resulting from the Distribution are generally governed by Sections 358(a) and 358(b) of the Code and the Treasury Regulations promulgated thereunder.

You should consult your own tax advisor as to the particular consequences of the Distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the Distribution being taxable to you.

**18. Can any resulting loss be recognized?**

No loss may be recognized by a Grace shareholder upon the receipt of GCP common stock in the Distribution, except possibly with respect to cash received in lieu of a fractional share of GCP common stock.

**19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:**

The Distribution was effective on February 3, 2016. For a Grace shareholder whose taxable year is a calendar year, the reportable tax year is 2016.

Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method. There are various ways brokerage houses may calculate the cost basis allocation. Please contact your individual brokerage house to determine which calculation it may have used and contact your tax advisor for additional information and clarification.