

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 Attached](#)

Blank lines for listing applicable Internal Revenue Code sections.

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

Blank lines for indicating if a resulting loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [N/A](#)

Blank lines for providing other information necessary to implement the adjustment.

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.

Sign Here
Signature ▶ R. Scott Paton Date ▶ 02-Nov-2021 | 9:10:32 AM PDT

Print your name ▶ R Scott Paton Title ▶ Assistant Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> Self-employed	PTIN
	<u>JEFFREY CLEGG</u>	<u>Jeff Clegg</u>	<u>02-Nov-2021</u>	<input checked="" type="checkbox"/>	<u>P00645431</u>
	Firm's name ▶ <u>DELOITTE TAX LLP</u>	Firm's EIN ▶ <u>86-1065772</u>		Phone no. <u>703-251-1000</u>	
Firm's address ▶ <u>7900 TYSONS ONE PLACE, STE 800, MCLEAN, VA 22102</u>					

W. R. Grace Holdings LLC

EIN 86-3442668

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

DISCLAIMER: THE INFORMATION CONTAINED IN FORM 8937 AND THIS ATTACHMENT DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO TAKE INTO ACCOUNT ANY HOLDER'S SPECIFIC CIRCUMSTANCES. THERE CAN BE NO ASSURANCE REGARDING THE TREATMENT OF TRANSACTIONS DESCRIBED HEREIN, AND HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING U.S. OR OTHER TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND THE IMPACT TO TAX BASIS RESULTING FROM THE EXCHANGE OFFER.

W. R. Grace Holdings LLC

EIN 86-3442668

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part I, Line 10

See below.

Form 8937, Part II, Line 14

This Form 8937 is being prepared by W. R. Grace Holdings LLC (“Grace Holdings” or the “Company”), to report exchanges of two series of notes (the “5.625% Notes due 2024” and the “4.875% Notes due 2027,” and collectively, the “Existing Notes”) issued by W. R. Grace & Co.-Conn. (“Grace-Conn.”), a wholly owned indirect subsidiary of Grace Holdings, for cash and new notes issued by Grace Holdings, as described in detail below (the “Exchange Offer”).

Description of the Exchange Offer

Pursuant to an Offering Memorandum dated August 3, 2021, the Company commenced offers to eligible holders to exchange (each an “Exchange Offer” and collectively, the “Exchange Offers”) Existing Notes issued by Grace-Conn. for up to \$1,050,000,000 aggregate principal amount for (i) new notes issued by Holdings (the “5.625% New Secured Notes due 2024” and the “4.875% New Secured Notes due 2027,” and collectively, the “New Secured Notes”) and (ii) cash. In conjunction with the Exchange Offers, the Company solicited consents to eliminate certain of the covenants, restrictive provisions, events of default and guarantee provisions with respect to both series of Existing Notes (the “Proposed Amendments”), as described in greater detail in the Offering Memorandum. The Proposed Amendments were adopted, and thus apply to holders of Existing Notes who did not tender their notes in the Exchange Offer.

For each \$1,000 principal amount of Existing Notes tendered on or before August 16, 2021 (the “Early Tender Date”), holders received \$1,000 principal amount of New Secured Notes, plus a cash payment of \$1.50. Of the \$1,000 principal amount of New Secured Notes, \$30 represented an “Early Tender Premium” payable to holders who tendered before the Early Tender Date. Holders who tendered their Existing Notes after the Early Tender Date but prior to September 20, 2021 received New Secured Notes in an aggregate principal amount equal to \$970 for each \$1,000 aggregate principal amount of Existing Notes that were accepted for exchange, plus \$1.50 per \$1000 of principal amount of Existing Notes tendered (the “Exchange Consideration” and, with the Early Tender Premium, the “Total Exchange Consideration”). Cash was paid in respect of any fractional portion of New Secured Notes.

The following table sets forth the Exchange Consideration and Early Tender Premium per \$1,000 principal amount of Existing Notes:

CUSIP	Existing Notes	Issuer	Exchange Consideration	Early Tender Premium	Issuer/CUSIP
383909AF5 U38246AB7	5.625% Notes due 2024	Grace- Conn.	\$970 of 5.625% New Secured Notes due 2024 plus \$1.50	\$30 of 5.625% New Secured Notes due 2024	Grace Holdings 92943GAC5 U38406AB7
383909AG3 U38246AC5	4.875% Notes due 2027	Grace- Conn.	\$970 of 4.875% New Secured Notes due 2027 plus \$1.50	\$30 of 4.875% New Secured Notes due 2027	Grace Holdings 92943GAD3 U38406AC5

Form 8937, Part II, Line 15

The following summarizes the U.S. federal income tax considerations relevant to holders who either (i) exchanged their Existing Notes for New Secured Notes (and cash) or (ii) did not participate in the Exchange Offer. The following is not intended as U.S. federal income tax advice to holders. Holders should consult their tax advisors to determine the tax consequences of the Exchange Offer to their specific circumstances.

Treatment of Exchanging Holders

The Company intends to treat exchanges of Existing Notes for New Secured Notes pursuant to the Exchange Offer as taxable dispositions of such Existing Notes for U.S. federal income tax purposes resulting from a “significant modification” of the Existing Notes. Under such treatment, an exchanging holder will recognize gain or loss equal to the difference between such holder’s amount realized in the exchange and such holder’s adjusted basis in its Existing Notes.

The tax treatment of the portion of the Total Exchange Consideration attributable to the Early Tender Premium is uncertain. While not free from doubt, Grace Holdings is taking the position that any Early Tender Premium is part of the total consideration received for Existing Notes, and the remainder of this discussion assumes that any Early Tender Premium will be so treated.

The amount realized in the taxable exchange of an Existing Note will equal the sum of (i) the issue price of the New Secured Notes received in the exchange (determined in the manner described below) (including any New Secured Notes in respect of any Early Tender Premium received in the exchange) and (ii) any cash received in the exchange, including any cash received in lieu of fractional amounts of New Secured Notes. A holder’s adjusted tax basis in an Existing Note will

generally be the U.S. dollar cost of such note, increased by any market discount previously included in income with respect to such Existing Note and decreased (but not below zero) by any bond premium previously amortized with respect to such Existing Note.

Issue Price of the New Secured Notes

The issue price of each series of New Secured Notes will depend on whether such series will be treated as publicly traded for U.S. federal income tax purposes. The Company believes that both the 5.625% New Secured Notes due 2024 and the 4.875% New Secured Notes due 2027 will be treated as publicly traded for U.S. federal income tax purposes. Under such treatment, the issue price of a New Secured Note for U.S. federal income tax purposes will equal the fair market value of such New Secured Note on the settlement date of September 22, 2021.

Because the New Secured Notes will be treated as having accrued interest from the date of the last interest payment on the Existing Notes, a portion of the issue price of each New Secured Note will include amounts attributable to interest accrued before the issue date of such New Secured Note, referred to as “pre-issuance accrued interest.” In accordance with applicable Treasury Regulations, the Company will elect to decrease the issue price of each series of New Secured Notes by the amount of the pre-issuance accrued interest in respect of such New Secured Notes. Under such election, the portion of the first stated interest payment in respect of such New Secured Note equal to the pre-issuance accrued interest would be treated as a nontaxable return of such excluded pre-issuance accrued interest and not as an amount payable on the New Secured Note.

Pursuant to Treas. Reg. § 1.1273-2(f)(9), the Company hereby notifies holders that it has determined that both series of New Secured Notes are publicly traded within the meaning of Treas. Reg. § 1.1273-2(f). The Company is notifying holders of the issue price, which was determined based on the first reported trading prices of the New Secured Notes on or after September 22, 2021:

New Secured Notes	Issue Price*
5.625% New Secured Notes due 2024	109.50%
4.875% New Secured Notes due 2027	103.75%

**exclusive of accrued stated interest*

Treatment of Non-Exchanging Holders

The Company intends to treat the adoption of the Proposed Amendments as not constituting a significant modification to the terms of Existing Notes with respect to non-exchanging holders for U.S. federal income tax purposes. Under such treatment, the adoption of the Proposed Amendments would not cause non-exchanging holders to recognize any gain or loss with respect to their Existing Notes.

If, contrary to the Company's treatment described above, the Proposed Amendments were to result in a deemed exchange of the Existing Notes, such deemed exchange would be taxable to a non-exchanging holder if such deemed exchange does not qualify as a tax-free recapitalization for U.S. federal income tax purposes. Such qualification is unclear and will depend, in part, on whether Existing Notes are characterized as "securities" for U.S. federal tax purposes. If a deemed exchange qualifies as a recapitalization, no gain or loss would be recognized by non-exchanging holders. If a deemed exchange does not qualify as a tax-free recapitalization, non-exchanging holders would generally recognize taxable gain or loss (which loss may be subject to deferral under the "wash sale" provisions of the Internal Revenue Code) equal to the difference between the holder's amount realized and the holder's basis in its Existing Notes.

Form 8937, Part II, Line 16

Exchanging Holders

An exchanging holder's tax basis in a New Secured Note received in the Exchange Offer will be its issue price, as discussed above.

Non-Exchanging Holders

A non-exchanging holder's basis in its Existing Notes would not change as a result of the adoption of the Proposed Amendments, provided the adoption of the Proposed Amendments is treated as a non-taxable transaction as described above. If the adoption of the Proposed Amendments is a taxable transaction (that is, a deemed exchange that is not a recapitalization), a non-exchanging holder's basis in its Existing Notes would be based on its amount realized in the deemed exchanged, subject to the potential application of the wash sale rules as described above.

Holders should consult their tax advisors to determine the tax consequences of the Exchange Offer with respect to tax basis in either New Secured Notes or Existing Notes.

Form 8937, Part II, Line 17

Internal Revenue Code sections 1001, 1012 and 1273 (exchanging holders); sections 354, 358 and 1001 (non-exchanging holders).

Form 8937, Part II, Line 18

Exchanging Holders

As discussed above, an exchanging holder generally would recognize loss with respect to its Existing Notes to the extent such holder's basis exceeds the amount realized on the exchange.

Non-Exchanging Holders

A non-exchanging holder generally would not recognize a loss to the extent either (i) the Proposed Amendments do not result in a significant modification or (ii) the Proposed Amendments result in a significant modification but the deemed exchange constitutes a recapitalization for U.S. federal income tax purposes. If the Proposed Amendments result in a deemed exchange that does not constitute a recapitalization, the wash sale rules may apply to suspend the recognition of such loss.

Holdings should consult their tax advisors to determine the tax consequences of the Exchange Offer to their specific circumstances.