

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1996

Commission File Number 1-12139

W. R. GRACE & CO. SALARIED EMPLOYEES
SAVINGS AND INVESTMENT PLAN

W. R. Grace & Co.
One Town Center Road
Boca Raton, Florida 33486-1010

Financial Statements and Exhibits

(a) Financial Statements. Filed as part of this Report on Form 11-K are the financial statements of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan, as required by Form 11-K, together with the report thereon of Price Waterhouse LLP, independent certified public accountants, dated May 30, 1997.

(b) Exhibits. The Consent of Price Waterhouse LLP is being filed as an exhibit to this Report.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

May 30, 1997

To the Participants and
Administrative Committee of the
W. R. Grace & Co. Salaried Employees
Savings and Investment Plan

In our opinion, the accompanying statement of net assets available for plan benefits and the related statements of changes in net assets available for plan benefits appearing on pages F-2 through F-4 of this report present fairly, in all material respects, the net assets available for plan benefits of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan at December 31, 1996 and 1995, and the changes in net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the plan administrator and/or other plan fiduciaries (the "Plan Fiduciaries"); our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan Fiduciaries, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Fund Information in the statement of net assets available for plan benefits and the statement of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits of each fund. The Fund Information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Price Waterhouse LLP

W. R. GRACE & CO. SALARIED EMPLOYEES SAVINGS AND INVESTMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 1996 AND 1995

	1996 -----	1995 -----
Assets		
Investments:		
Insurance company contracts, at contract value	\$327,663,929	\$330,290,254
Other securities, at cost	8,057,080	1,884,947
W. R. Grace & Co. Common Stock		
New Grace Stock (Note 1)		
(cost: 1996 - \$99,285,962)	154,827,927	--
Old Grace Stock (Note 1)		
(cost: 1995 - \$71,710,197)	--	136,517,615
FMC ADS (Note 1)		
(cost: 1996 - \$7,142,342)	12,048,356	--
Fidelity mutual funds		
(cost: 1996 - \$142,696,863;		
1995 - \$125,005,664)		
Balanced Fund	27,379,765	32,713,136
Growth & Income Fund	30,487,468	18,334,825
Blue Chip Growth Fund	56,715,995	53,087,838
Contrafund	37,215,990	26,560,934
OTC Fund	10,856,984	6,398,460
Loans receivable	8,090,709	7,530,970
Contributions receivable	2,517,304	2,327,560
	-----	-----
Net assets available for plan benefits	\$675,861,507 =====	\$615,646,539 =====

The accompanying notes to financial statements are an integral part of this statement.

	Fidelity Balanced Fund	Fidelity Growth & Income Fund	Fidelity Blue Chip Growth Fund	Fidelity Contrafund	Fidelity OTC Fund	Loans Receivable	Total
Contributions:							
Participants	\$ 2,410,884	\$ 2,240,247	\$ 4,642,360	\$ 3,395,399	\$ 1,106,457	\$ -	\$ 28,371,609
Transfers among funds	(6,236,322)	7,989,173	(2,946,713)	4,420,470	2,420,802	1,952,504	-
Company	-	-	-	-	-	-	9,195,347
Total	(3,825,438)	10,229,420	1,695,647	7,815,869	3,527,259	1,952,504	37,566,956
Income/(loss) from investments:							
Interest	51,901	35,617	90,514	59,278	24,451	-	26,564,616
Dividends	1,377,709	1,512,921	4,177,116	2,948,875	1,334,930	-	11,351,551
Net realized gain/(loss)	(69,983)	997,011	1,749,481	1,187,406	231,785	-	57,330,300
Change in unrealized (depreciation)/appreciation	1,034,839	2,252,690	1,841,167	2,393,368	347,745	-	(2,130,949)
Total	2,394,466	4,798,239	7,858,278	6,588,927	1,938,911	-	93,115,518
Less:							
Participant withdrawals	3,927,296	2,816,501	5,885,607	3,665,872	975,675	1,392,765	70,013,883
Administrative expenses	8,969	5,582	6,311	21,145	911	-	453,623
Net increase/(decrease)	(5,367,237)	12,205,576	3,662,007	10,717,779	4,489,584	559,739	60,214,968
Net assets available for plan benefits:							
Beginning of year	32,912,104	18,429,436	53,364,893	26,723,028	6,439,962	7,530,970	615,646,539
End of year	\$27,544,867	\$ 30,635,012	\$57,026,900	\$37,440,807	\$10,929,546	\$ 8,090,709	\$ 675,861,507

The accompanying notes to financial statements are an integral part of this statement.

(*) Dividends received are reinvested in shares of Grace Common Stock (or ADSs, in the case of the ADS Fund) and reflected as part of change in unrealized (depreciation)/appreciation.

(**) Fund represents investments in Old Grace common stock. See Note 1.

	Fidelity Contrafund	Fidelity OTC Fund	Loans Receivable	Total
	-----	-----	-----	-----
Contributions:				
Participants	\$ 2,774,097	\$ 726,788	\$ -	\$ 30,097,765
Transfers among funds	4,685,324	2,223,354	1,968,421	-
Company	-	-	-	9,623,343
	-----	-----	-----	-----
Total	7,459,421	2,950,142	1,968,421	39,721,108
	-----	-----	-----	-----
Income from investments:				
Interest	30,059	6,236	-	27,710,818
Dividends	2,066,717	359,605	-	8,782,197
Net realized gain/(loss)	627,359	151,338	-	11,913,253
Change in unrealized appreciation	3,125,396	646,768	-	56,026,281
	-----	-----	-----	-----
Total	5,849,531	1,163,947	-	104,432,549
	-----	-----	-----	-----
Less:				
Participant withdrawals	1,871,800	134,303	410,148	51,920,719
Administrative expenses	15,930	515	-	673,307
	-----	-----	-----	-----
Net increase/(decrease)	11,421,222	3,979,271	1,558,273	91,559,631
Net assets available for plan benefits:				
Beginning of year	15,301,806	2,460,691	5,972,697	524,086,908
	-----	-----	-----	-----
End of year	\$ 26,723,028	\$ 6,439,962	\$ 7,530,970	\$615,646,539
	=====	=====	=====	=====

(*) Dividends received are reinvested in shares of Grace Common Stock and reflected as part of change in unrealized appreciation.

The accompanying notes to financial statements are an integral part of this statement.

W. R. GRACE & CO. SALARIED EMPLOYEES
SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan ("Plan") provides only general information. Participants should refer to the text of the Plan and the Summary Plan Description and Prospectus Supplement for the Plan for more complete information.

General:

The Plan is a defined contribution plan originally adopted effective September 1, 1976, and has been amended from time to time. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility and Vesting:

Within those units of W. R. Grace & Co., a Delaware corporation ("Grace" or "New Grace"), and its subsidiaries (collectively, the "Company") designated as participating units in the Plan, any salaried employee (or any salesman paid on a commission basis) and any other employee in an eligible employment classification who has completed 12 months of employment (including 1,000 hours of service) is eligible to participate in the Plan, subject to certain exceptions and special provisions.

A participant's interest in the Plan is always fully vested.

NMC Transaction:

In September 1996, Grace's predecessor ("Old Grace") completed a transaction ("NMC Transaction") as a result of which each of its common shareholders received shares of Grace Common Stock, American Depositary Shares ("ADSS") of Fresenius Medical Care AG ("FMC"), and shares of preferred stock ("New Preferred Shares") of Fresenius National Medical Care Holdings, Inc., a subsidiary of FMC. FMC is a German corporation that owns National Medical Care, Inc. (a subsidiary of Old Grace) and other businesses. ADSS represent shares of FMC. The common stock of Old Grace was canceled in the NMC Transaction.

The Grace Stock Fund and the Employee Stock Ownership Plan were previously invested in common stock of Old Grace; as noted above, such common stock was canceled in the NMC Transaction and was therefore eliminated from the Plan following the NMC Transaction. The Grace Common Stock, ADSs and New Preferred Shares received with respect to the shares of common stock of Old Grace held in the Employee Stock Ownership Plan were credited to the New Grace Employee Stock Ownership Plan. All such ADSs and New Preferred Shares were sold within 90 days following the NMC Transaction, and the proceeds were invested in Grace Common Stock and credited to the New Grace Employee Stock Ownership Plan.

The Grace Common Stock and New Preferred Shares received with respect to the shares of common stock of Old Grace held in the Grace Stock Fund were credited to the New Grace Stock Fund. All such New Preferred Shares were sold within 90 days following the NMC Transaction, and the proceeds were invested in Grace Common Stock and credited to the New Grace Stock Fund. The ADSs received with respect to such shares of common stock of Old Grace were credited to the ADS Fund.

Contributions to the Plan:

Plan participants may elect to contribute to the Plan from 2% to 16% of their compensation (which, for purposes of the Plan, consists of salary and/or commissions, incentive compensation, specially granted bonus awards, shift differential and overtime pay).

Participant contributions may be made from before-tax and/or after-tax income, as provided under Sections 401(k) and 401(m) of the Internal Revenue Code of 1986, as amended (the "Code"), subject to an annual dollar limit on before-tax contributions of \$9,500 for 1996 (\$9,240 for 1995), which is in turn subject to annual adjustment for inflation and to regulations that restrict the contribution percentages of highly compensated participants in order to prevent discrimination in their favor. In addition, for both 1996 and 1995, federal income tax law limited to \$150,000 (subject to annual adjustment for inflation) the annual compensation on which tax-qualified plan benefits may be based.

A Company contribution equal to 50% of each participant's contribution is made to the Plan; however, no Company contribution is made with respect to a participant's contribution in excess of 6% of his compensation. Therefore, the maximum Company contribution is 3% of each participant's compensation, subject to the annual limitations noted above.

Investment Options:

Participants may elect to have their contributions invested in any one or more of the following funds in which the Plan participates:

Fixed Income Fund

The Fixed Income Fund is invested in fixed income securities or obligations, interest-bearing bank accounts or guaranteed income funds established or maintained by licensed insurance companies. Excess cash may be invested in short-term fixed income securities.

New Grace Stock Fund

The New Grace Stock Fund is invested in Grace Common Stock. Pending investment, cash credited to this Fund may be invested in short-term securities.

ADS Fund

The ADS Fund holds the ADSs that were credited to the accounts of each participant who had a balance in the Grace Stock Fund immediately prior to the NMC Transaction. Participants may transfer balances out of the ADS Fund at any time, but may not deposit or transfer any funds into the ADS Fund. The ADS Fund will be eliminated from the Plan on December 31, 1998; any balances remaining in such fund at that date will be credited to the Fixed Income Fund. Pending investment, cash credited to this Fund may be invested in short-term securities.

The Plan also offers the following five Fidelity Mutual Funds to Plan participants:

Fidelity Balanced Fund is invested in both fixed income securities and equity securities at all times.

Fidelity Growth and Income Fund is invested in equity securities at all times and may be invested in fixed income securities, depending upon market conditions.

Fidelity Blue Chip Growth Fund is invested in equity securities of companies with higher than average earnings growth.

Fidelity Contrafund is invested in equity securities of companies generally out of favor with the market that are judged by the Fund's investment manager to be capable of above average growth in value.

Fidelity OTC Portfolio is invested in equity securities of smaller companies traded in the over-the-counter market.

At December 31, 1996 and 1995, the number of participants contributing to the Plan was 7,169 and 7,714, respectively, and the number of participants in the various Funds (including former employees whose funds have not yet been distributed and who no longer contribute to the Plan) was as follows:

	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
Fixed Income Fund	6,886	7,632
Grace Stock Fund	-	11,281
New Grace Stock Fund	10,824	-
Fidelity Balanced Fund	2,191	2,710
Fidelity Growth & Income Fund	2,091	1,464
Fidelity Blue Chip Growth Fund	3,548	3,583
Fidelity Contrafund	2,524	2,102
Fidelity OTC Fund	1,313	897
ADS Fund	2,134	-

The Plan provides that a statement of each participant's account be sent to the participant at least once a year. Presently, such statements are sent at the end of each calendar quarter.

On any business day, participants may allocate their future contributions among the Funds and transfer the amounts related to their prior contributions in any of the Funds to other Funds (other than the ADS Fund). Transfers may be in whole dollar amounts or in multiples of 5% of the participant's account balance.

Company contributions are generally credited to the Employee Stock Ownership Plan ("New ESOP Fund"). The New ESOP Fund is invested in Grace Common Stock. The New ESOP Fund is an Employee Stock Ownership Plan, within the meaning of the Code.

Eligible employees (generally, those age 50 and older) may elect to transfer all or a portion of their Company contributions once each year from the ESOP Fund to any of the other Funds except the New Grace Stock Fund and the ADS Fund. Such transfers may be in whole dollar amounts or multiples of 5% of the participant's account balance.

Participant Loans

Participants may borrow up to one-half of the value of their account balance up to \$50,000. Loans may be for a term of one to five years for a general purpose loan and up to twenty years for a loan to purchase a principal residence. The interest rate for the loans is fixed for the term of the loan and the loans are repaid in monthly installments. Participants can repay the outstanding loan balance in full at any time without penalty. Loans are considered to be in default and treated as a distribution for tax purposes if no payment is received for ninety days. If employment with the Company ends, any outstanding loan balance will be considered a distribution if not repaid within ninety days.

Interest paid on loans is credited to the individual funds from which the loan was taken and is shown as interest income within those funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Plan are maintained on the accrual basis of accounting which is acceptable under U.S. Department of Labor Regulations and is in accordance with generally accepted accounting principles.

Investments in publicly traded securities are valued at the last reported sales price on the last day of the year. Investments in the Fidelity Mutual Funds are valued at their respective market prices quoted at year-end, which represent the net asset value of the securities held in such Funds. Investments in commercial paper, U.S. Treasury bills and U.S. government securities mutual funds are valued at cost, which approximates market value. Investments in insurance company contracts are stated at contract value, which represents contributions made under the contract plus interest at the contract rate, less funds used for withdrawals. Loans receivable are valued at cost, which approximates fair value.

The assets of the Plan are commingled in the Trust Fund of the W. R. Grace & Co. Profit Sharing and Savings and Investment Plans ("Trust Fund") with the assets of other tax-qualified profit sharing and savings and investment plans maintained by the Company. The Trust Fund is administered by The Fidelity Management Trust Company ("Trustee"). For each Fund, assets and investment returns are allocated to each plan pro rata, based upon each plan's daily net asset balance in the Fund and the Trust Fund's daily total net asset balance attributable to the Fund. Income of each Fund is reinvested in that Fund, except that dividends paid on shares of Grace Common Stock held in the New ESOP Fund are paid to participants on a quarterly basis or within 90 days after the end of the calendar year in which the dividends are received. The New ESOP Fund dividends are not treated as income to the Plan or as distributions to participants. The Trustee manages the New Grace Stock Fund and the New ESOP Fund by purchasing shares of Grace Common Stock and by selling shares to the extent necessary to obtain cash for disbursements and transfers from the Funds. Investment management of the Fixed Income Fund and investment oversight of the Fidelity Mutual Funds is the responsibility of the Investment and Benefits Committee appointed by the Grace Board of Directors, or as delegated by that Committee.

The Plan recognizes benefits when paid.

The Plan recognizes a gain or loss on Grace Common Stock distributed to participants in an amount equal to the difference between the market value at the distribution date and the average cost of the shares distributed. The cost of securities sold is determined on the basis of average cost, and a gain or loss is recorded equal to the difference between average cost and the proceeds from the sale.

Amounts transferred to successor trustees are deducted from the Plan's net assets upon the divestiture of, or discontinuance of participation by, a participating unit.

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial statements. Actual amounts may differ from the estimates used.

NOTE 3 - INVESTMENTS

Fixed Income Fund:

The investments in the Fixed Income Fund consist primarily of guaranteed fixed income contracts, as shown below:

ISSUER & RATE	VALUE AT DECEMBER 31,		REPAYMENT TERMS
	1996	1995	
Metropolitan Life Insurance Co.:			
9.05%	\$ -	\$ 65,553,785	Repaid 10/15/96
7.00%	47,906,997	44,925,983	Repayable 12/15/99
People Security Life			
6.87%	43,443,713	-	Repayable in equal installments on 12/15/2000 and 12/14/2001
Prudential Insurance Company:			
9.13%	133,321,676	122,585,478	Repayable 6/1/97
New York Life:			
5.91%	20,566,711	19,582,728	Repayable 12/15/99
John Hancock Mutual Life Insurance Company:			
7.02%	22,646,956	21,233,779	Repayable 6/30/01
7.85%	39,580,553	36,825,114	Repayable 12/15/00
6.01%	20,197,323	19,583,387	Repayable 6/15/98
	\$327,663,929	\$ 330,290,254	

Other investments in the Fixed Income Fund at December 31, 1996 and 1995 consisted of the following:

	DECEMBER 31,	
	1996	1995
Commercial paper, at cost, which approximates market value	\$5,662,089	\$ 563,653

New Grace Stock Fund

As of December 31, 1996, the New Grace Stock Fund held 624,310 shares of Grace Common Stock.

Sales/distributions of the Grace Common Stock by/from the New Grace Stock Fund resulted in net realized gains, as follows:

	DECEMBER 31,
	1996
Proceeds from sales/distributions of securities	\$5,555,136
Cost of securities sold/distributed	4,883,359
Net realized gain	\$ 671,777

Other investments in the New Grace Stock Fund under the Plan at December 31, 1996 consisted of the following:

	DECEMBER 31, ----- 1996 ----
Commercial paper, at cost, which approximates market value	\$ 916,378 =====

New ESOP Fund:

As of December 31, 1996, this Fund held 2,367,534 shares of Grace Common Stock.

Sales/distributions of Grace Common Stock by/from the New ESOP Fund under the Plan resulted in net realized gains, as follows:

	DECEMBER 31, ----- 1996 ----
Proceeds from sales/distributions of securities	\$3,818,655
Cost of securities sold/distributed	2,067,615 -----
Net realized gain	\$1,751,040 =====

Other investments in the New ESOP Fund at December 31, 1996 consisted of the following:

	DECEMBER 31, ----- 1996 ----
Commercial paper, at cost, which approximates market value	\$1,134,077 =====

ADS Fund:

The fair value of investments in the ADS Fund at December 31, 1996 was as follows:

	DECEMBER 31, ----- 1996 ----
Commercial paper	\$ 344,606
ADSS	12,048,356 =====
	\$ 12,392,962 =====

Sales/distributions of ADSs by/from the ADS Fund under the Plan resulted in net realized gains, as follows:

	DECEMBER 31, ----- 1996 -----
Proceeds from sales/distributions of securities	\$3,650,735
Cost of securities sold/distributed	2,458,029 -----
Net realized gain	\$1,192,706 =====

NOTE 4 - FEDERAL INCOME TAXES

On July 13, 1995, the Internal Revenue Service issued a letter stating that the Plan, as then in effect, was in compliance with the applicable requirements of the Code. The Plan has been amended since the issuance of this determination letter. However, the Plan Administrator believes that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, the Plan Administrator believes the Plan continues to be qualified, and the related Trust continues to be tax exempt.

NOTE 5- PLAN TERMINATION

Grace anticipates that the Plan will continue indefinitely, but reserves the right to amend or discontinue the Plan at any time. A participating unit may terminate its participation in the Plan with the approval of Grace's Board of Directors.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

W. R. GRACE & CO.
SALARIED EMPLOYEES
SAVINGS AND INVESTMENT PLAN

By: /s/ J. A. LONGO

J. A. Longo
Chairman, Administrative
Committee

Date: June 27, 1997

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-8 (No. 333-13647) of W. R. Grace & Co. of our report dated May 30, 1997 appearing on page F-1 of the Annual Report of the W. R. Grace & Co. Salaried Employees Savings and Investment Plan on Form 11-K for the year ended December 31, 1996.

PRICE WATERHOUSE LLP

/s/ PRICE WATERHOUSE LLP

Ft. Lauderdale, Florida
June 27, 1997