

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 1996

W. R. GRACE & CO.

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of
incorporation)

1-12139

(Commission File
Number)

65-0654331

(IRS Employer
Identification No.)

One Town Center Road, Boca Raton, Florida 33486-1010

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 561/362-2000

Item 5. Other Events.

On October 29, 1996, the Company announced its consolidated results of operations for the quarter ended September 30, 1996. The Company's October 29, 1996 press release and accompanying financial and statistical data are filed as an exhibit hereto and are incorporated by reference herein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

The Company's October 29, 1996 press release and accompanying financial and statistical data are filed as an exhibit hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

W. R. GRACE & CO.

(Registrant)

By s/Kathleen A. Browne

 Kathleen A. Browne
 Vice President and Controller

Dated: November 8, 1996

W. R. GRACE & CO.
Current Report on Form 8-K

Exhibit Index

Exhibit No. -----	Description -----
99.1	Press Release dated October 29, 1996 and accompanying financial and statistical data

GRACE NEWS

CONTACT: Chuck Suits or Mary Lou Kromer 561/362-2600 or
800/GRACE99

GRACE REPORTS THIRD QUARTER RESULTS

QUARTER INCLUDES \$2.5 BILLION ESTIMATED GAIN
FROM HEALTH CARE COMBINATION WITH FRESENIUS

PRETAX OPERATING EARNINGS UP 12 PERCENT FOR NEW GRACE

BOCA RATON, Fla., Oct. 29, 1996 --W.R. Grace & Co. (NYSE: GRA) today reported third quarter operating earnings, before interest and taxes, of \$108 million, an increase of 12 percent over the year-ago quarter (excluding special items in 1995). The increase was a result of the improved cost structure and strong performance from Grace's catalysts, silicas and construction products businesses.

The packaging and specialty chemicals company reported net earnings from continuing operations of \$.61 per share, compared to \$.20 (after \$.34 of special charges) in the prior year's third quarter. Revenues increased to \$821 million, a 1.4 percent increase (excluding 1995 revenues of \$136 million, primarily related to the divested Dearborn water treatment business).

Including special and one-time items in both periods, net earnings were \$2.52 billion, or \$27.66 per share, compared to \$21.7 million, or \$.22 per share in the year-ago quarter.

(more)

Results for the 1996 quarter included approximately \$2.5 billion of income from discontinued operations, which includes an estimated gain resulting from the September spin-off of the packaging and specialty chemicals businesses and the combination of Grace's National Medical Care subsidiary with the worldwide dialysis business of Fresenius AG to form a new company called Fresenius Medical Care AG.

Grace chairman, president and chief executive officer Albert J. Costello said, "We continue to be optimistic about the future of the new Grace and the progress we are making toward our goal of becoming a top quartile performer among packaging and specialty chemicals companies. We are encouraged by our margin improvement of three percentage points compared to the year-ago quarter, as well as our continuing sales levels --especially in the face of adverse market conditions and in comparison to the exceptionally strong growth we experienced in 1995."

As a result of the company's share repurchase program, average common shares outstanding in the third quarter declined six percent versus the year-ago quarter. The favorable impact on per share results from repurchasing shares was largely offset by a higher effective tax rate in the current quarter.

The company has bought more than 6 million shares since October 1 under a second program to repurchase up to 20 percent of the 89 million shares outstanding following the spin-off.

(more)

Packaging earnings declined two percent on essentially flat revenues, compared to exceptionally strong results in the year-ago quarter. Sales and earnings continued to be impacted by lower pork production in North America and by lower volumes of fresh red meat in Europe and Japan, as well as by competitive pressures in North America and Asia Pacific for display films used to package consumer goods.

During the quarter, Grace completed the acquisition of Cypress Packaging, Inc., which positioned Grace Packaging as the leading supplier of pre-cut produce packaging in North America --one of several key growth drivers for the future.

Earnings from the catalysts and silicas business rose 12 percent on strong performance from silicas and polyolefin and hydroprocessing catalysts worldwide. Earnings from fluid cracking catalysts were depressed due to continuing weakness in the North American market and competitive pricing pressures.

Results for construction products were up sharply, resulting from revenue gains in all regions, as well as lower operating and overhead costs.

Grace is a leading global supplier of packaging and specialty chemicals, with annual sales of approximately \$3.3 billion. The company operates in more than 100 countries.

W.R. GRACE & CO.
CONSOLIDATED STATEMENT OF OPERATIONS (a)
FOR QUARTER ENDED SEPTEMBER 30, 1996

(\$ MILLIONS EXCEPT PER SHARE)

	THIRD QUARTER		YEAR-TO-DATE	
	1996	1995	1996	1995
Sales	\$ 821.3	\$946.4	\$2,656.2	\$2,732.1
Other income	8.2	4.5	26.1	13.3
Total	\$ 829.5	\$950.9	\$2,682.3	\$2,745.4
Cost of goods sold and operating expenses	\$ 503.9	\$565.4	\$1,607.7	\$1,617.6
Selling, general and administrative expenses	150.5	225.3 (d)	556.2	693.5 (d)
Depreciation and amortization	43.4	45.8	135.3	124.2
Interest expense and related financing costs	18.2	17.8	54.9	52.3
Research and development expenses	22.5	27.2	80.3	92.2
(Gain) on sale of businesses (b)	--	--	(326.4)	--
Provision for restructuring	--	44.3	53.7	44.3
Total	\$ 738.5	\$925.8	\$2,161.7	\$2,624.1
Income before income taxes	\$ 91.0	\$ 25.1	\$ 520.6	\$ 121.3
Prov. for income taxes	35.5	5.3	190.4	33.6
Income from continuing operations	\$ 55.5	\$ 19.8	\$ 330.2	\$ 87.7
Income from discontinued operations (c)	2,464.4	1.9	2,587.2	60.2
Net income	\$2,519.9	\$ 21.7	\$2,917.4	\$ 147.9
Earnings per share				

Continuing operations	\$.61	\$.20	\$ 3.46	\$.92
Discontinued operations (c)	27.05	.02	27.18	.63
Net income	\$ 27.66	\$.22	\$ 30.64	\$ 1.55
Average number of shares (millions)	91.1	96.7	95.2	95.3

(a) 1995 results have been restated to reflect the classification of the health care segment as a discontinued operation in the second quarter of 1995.

(b) Includes divestment of Grace Dearborn and Biopesticides.

(c) 1996 includes estimated gain on spin of National Medical Care.

(d) Includes a pretax charge of \$10.0 million (\$6.1 after-tax) in the third quarter and \$30.0 million (\$18.6 after-tax) year-to-date for matters relating to corporate governance.

W. R. GRACE & CO.
 OPERATING RESULTS
 QUARTER ENDED SEPTEMBER 30

 (\$ MILLIONS EXCEPT PER SHARE)

	1996	1995	PERCENT CHANGE
Sales - Specialty Chemicals	\$ 821.3	\$946.4	(13.2)%
Operating Income - Specialty Chemicals	\$ 108.2	\$ 96.7	11.9
Other Expenses/(Income):			
Interest/Financing (a)	\$ 18.2	\$ 17.8	2.2
Other	(1.0)	(0.5)	(100.0)
Total Other Expenses	\$ 17.2	\$ 17.3	(0.6)
Pretax Operating Earnings before Special Items	\$ 91.0	\$ 79.4	14.6
Provision for Income Taxes	35.5	26.4	34.5
Operating Income before Special Items	\$ 55.5	\$ 53.0	4.7
Special Items - after-tax - Chemicals/Corporate:			

Provision for Restructuring	-	(27.1)	100.0
Provision for Corporate Governance	-	(6.1)	100.0
Income from Continuing Operations	\$ 55.5	\$ 19.8	180.3
Income from Discontinued Operations	2,464.4 (b)	1.9	ND
Net Income	\$2,519.9	\$ 21.7	ND
Earnings Per Share			

From Continuing Operations	\$.61	\$.20	205.0 %
From Discontinued Operations	27.05 (b)	.02	ND
Net Income	\$ 27.66	\$.22	ND
Earnings Per Share - Operating Earnings (before special items)			

From Operations - Specialty Chemicals	\$.61	\$.54	13.0%
Average Number of Shares (Millions)	91.1	96.7	

(a) After an allocation of interest/financing expenses to discontinued operations.

(b) Includes estimated gain on NMC spin.

W. R. GRACE & CO.
 OPERATING RESULTS
 NINE MONTHS ENDED SEPTEMBER 30

 (\$ MILLIONS EXCEPT PER SHARE)

	1996	1995	PERCENT CHANGE
Sales - Specialty Chemicals	\$2,656.2	\$2,732.1	(2.8)%
Operating Income - Specialty Chemicals	\$ 294.2	\$ 250.4	17.5
Other Expenses/(Income):			
Interest/Financing (a)	\$ 54.9	\$ 52.3	5.0
Other	(8.5)	2.5	ND
Total Other Expenses	\$ 46.4	\$ 54.8	(15.3)
Pretax Operating Earnings before Special Items	\$ 247.8	\$ 195.6	26.7
Provision for Income Taxes	95.3	62.2	53.2
Operating Income before Special Items	\$ 152.5	\$ 133.4	14.3
Special Items - after-tax - Chemicals/Corporate:			

Provision for Corporate Governance	-	(18.6)	100.0
Gain on Sale of Dearborn/Biopesticides	210.1	-	ND
Provision for Restructuring	(32.4)	(27.1)	(19.2)
Income from Continuing Operations	\$ 330.2	\$ 87.7	ND
Income from Discontinued Operations	2,507.8 (b)	60.2	ND
Gain on Sale of Agracetus (after-tax)	79.4	-	ND
Net Income	\$2,917.4	\$ 147.9	ND
Earnings Per Share			

From Continuing Operations	\$ 3.46	\$.92	ND
From Discontinued Operations	27.18 (b)	.63	ND
Net Income	\$ 30.64	\$ 1.55	ND
Earnings Per Share - Operating Earnings (before special items)			

From Operations - Specialty Chemicals	\$ 1.60	\$ 1.40	14.3 %
Average Number of Shares (Millions)	95.2	95.3	

(a) After an allocation of interest/financing expenses to discontinued operations.

(b) Includes estimated gain on NMC spin.

W. R. GRACE & CO.
SPECIALTY CHEMICALS SUPPLEMENTAL DATA
1996 SALES AND PERCENT CHANGE VERSUS PRIOR PERIOD

(DOLLARS IN MILLIONS)

QUARTER ENDED SEPTEMBER 30

	SALES		AMOUNT OF INC/(DEC) DUE TO:		
	1996	1995	VOL.	PRICE/ MIX	TOTAL
Packaging	\$ 435.6	\$ 437.2	2.4%	(2.8)%	(0.4)%
Container	70.6	72.5	3.1	(5.7)	(2.6)
Total Packaging	\$ 506.2	\$ 509.7	2.5	(3.2)	(0.7)
Catalysts/Silicas	177.6	176.7	5.4	(4.9)	0.5
Construction/Other	137.5	123.6	10.7	0.5	11.2
	\$ 821.3	\$ 810.0	4.4%	(3.0)%	1.4 %

NINE MONTHS ENDED SEPTEMBER 30

	SALES		AMOUNT OF INC/(DEC) DUE TO:		
	1996	1995	VOL.	PRICE/ MIX	TOTAL
Packaging	\$1,267.0	\$1,251.5	3.1%	(1.9)%	1.2 %
Container	207.5	215.4	(0.5)	(3.2)	(3.7)
Total Packaging	\$1,474.5	\$1,466.9	2.6	(2.1)	0.5
Catalysts/Silicas	553.6	519.6	6.7	(0.2)	6.5
Construction/Other	373.2	357.9	3.9	0.4	4.3
	\$2,401.3	\$2,344.4	3.7%	(1.3)%	2.4 %

W. R. GRACE & CO.
SPECIALTY CHEMICALS
GEOGRAPHIC DATA

(DOLLARS IN MILLIONS)

QUARTER ENDED SEPTEMBER 30	SALES		PRETAX EARNINGS BEFORE INTEREST, TAX, AND SPECIAL CHARGES	
	1996	1995	1996	1995

Specialty Chemicals				

North America	\$414	\$473	\$ 56	\$54
Europe	246	296	30	27
Latin America	48	65	7	2
Asia Pacific	113	112	15	14

Total Specialty Chemicals	\$821	\$946	\$108	\$97
	=====	=====	=====	=====

NINE MONTHS ENDED	SALES		PRETAX EARNINGS BEFORE INTEREST, TAX, AND SPECIAL CHARGES	
	1996	1995	1996	1995

SEPTEMBER 30				

Specialty Chemicals				

North America	\$1,300	\$1,362	\$148	\$123
Europe	830	856	78	70
Latin America	180	187	22	10
Asia Pacific	346	327	46	47

Total Specialty Chemicals	\$2,656	\$2,732	\$294	\$250
	=====	=====	=====	=====