

Edgar Filing: W R GRACE & CO - Form 11-K

W R GRACE & CO
Form 11-K
June 27, 2003

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 Year Ended December 31, 2002

Commission File Number 1-13953

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

W. R. GRACE & CO.
7500 GRACE DRIVE
COLUMBIA, MARYLAND 21044

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
DECEMBER 31, 2002 AND 2001

REPORT OF INDEPENDENT AUDITORS

Edgar Filing: W R GRACE & CO - Form 11-K

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

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the W. R. Grace & Co. Savings and Investment Plan (the "Plan"), formerly known as the W. R. Grace & Co. Salaried Employees Savings and Investment Plan, at December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; 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 auditing standards generally accepted in the United States of America, 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 management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplemental schedule is the responsibility of the Plan's Management. The supplemental schedule 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/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
June 27, 2003

-1-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	2002	DECEMBER 31, 2001
ASSETS		
Investments, at fair value		

Edgar Filing: W R GRACE & CO - Form 11-K

Guaranteed Investment Contracts	\$ 237,402,476	\$ 225,046,859
Mutual Funds	151,041,578	184,608,222
Grace Common Stock Fund	24,101,477	17,065,769
Participant Loans, at cost	5,217,747	5,144,781
Receivables		
Contributions Receivable	166,381	4,011
Due from Hourly Plan	-	259,259
	-----	-----
	417,929,659	432,128,901
LIABILITIES		
Accrued Administrative Expenses	(3,066)	(4,825)
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 417,926,593	\$ 432,124,076
	-----	-----

The accompanying notes are in integral part of these financial statements.

-2-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	FOR THE YEAR END DECEMBER 31, 2002	
ADDITIONS		
Additions to net assets attributable to:		
Contributions		
Participants	\$ 18,384,878	\$
Employer	11,028,369	
	-----	-----
	29,413,247	
	-----	-----
Investment income (loss):		
Interest in the investment loss of the W. R. Grace & Co.		
Savings Plan Master Trust	-	
Interest and dividends	15,557,079	
Net depreciation in fair value of investments	(29,074,955)	
	-----	-----
	(13,517,876)	
	-----	-----
TOTAL	15,895,371	
	-----	-----

Edgar Filing: W R GRACE & CO - Form 11-K

DEDUCTIONS

Deductions from net assets attributable to:		
Participant withdrawals		29,863,564
Administrative expenses		229,290

TOTAL		30,092,854

NET DECREASE PRIOR TO TRANSFERS FROM OTHER PLANS		(14,197,483)
Net transfers from other plans		-

NET DECREASE		(14,197,483)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year		432,124,076

END OF YEAR		\$ 417,926,593

The accompanying notes are in integral part of these financial statements.

-3-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

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

GENERAL

On April 2, 2001, W. R. Grace & Co. ("Grace") and 61 of its U.S. subsidiaries and affiliates (collectively, the "Company") filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Bankruptcy Court approved on April 2, 2001 an order that authorized the debtors and debtors in possession under the bankruptcy filing, to pay, in their sole discretion, employee benefits, including employer contributions under the Plan. Under the Court's authorization, Grace has continued to meet its obligations under the Plan. Should the Plan terminate as a result of Chapter 11 proceedings, Company contributions would cease and the net assets of the Plan would be distributed in accordance with the provisions of the Plan document.

The Plan is a defined contribution plan originally adopted effective September 1, 1976, and has been amended from time to time. The Plan is

Edgar Filing: W R GRACE & CO - Form 11-K

subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Effective December 31, 2001, the W. R. Grace & Co. Hourly Employees Savings and Investment Plan ("Hourly Plan") was merged with and into the Plan. Effective on the date of the merger \$34,303,697 was transferred from the Hourly Plan to the Plan. On January 1, 2002, the Plan was renamed the W. R. Grace & Co. Savings and Investment Plan.

Effective January 31, 2001, assets of the ICI Americas Inc. Retirement Savings Plan (the "ICI Plan"), in the amount of \$4,055,195, were transferred to the Plan. This amount represented the account balances of the participants of the ICI Plan who became Grace employees as a result of Grace's purchase of the hydroprocessing catalyst business of ICI.

Additionally, there are from time to time other plan mergers that occur in the normal course of plan operations. These smaller mergers amounted to \$341,637 for the year ended December 31, 2001.

ELIGIBILITY AND VESTING

Prior to the merger of the Hourly Plan, Grace and its subsidiaries designated as eligible participants 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 three months of service. Effective January 1, 2002, hourly employees are also available to participate in the Plan, subject to the same eligibility terms and conditions.

A participant's interest (employee contributions, Company contributions, and earnings thereon) in the Plan is always fully vested.

-4

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

CONTRIBUTIONS

Each year, participants may elect to contribute to the Plan 2% to 16% of their compensation (which, for purposes of the Plan, consists of salary and/or commissions, incentive compensation, and tips and bonus awards (excluding long-term incentive bonuses and retention bonuses)).

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 \$11,000 and \$10,500 for 2002 and 2001, respectively. Federal income tax law limited the annual compensation on which tax-qualified plan benefits may be based to \$200,000 and \$170,000 for 2002 and 2001, respectively.

The Company contributes 100% of the first 6% of base compensation that a participant contributes to the Plan. Therefore, the maximum Company contribution is 6% of a participant's compensation.

For periods after January 1, 2001, Company contributions are allocated to

Edgar Filing: W R GRACE & CO - Form 11-K

investment options in accordance with the participant's investment election.

The Plan currently offers 27 mutual funds, the Grace Common Stock Fund, and a Fixed Income Fund comprised principally of guaranteed investment contracts as investment options for participants.

The Plan provides that a statement of each participant's account be sent to the participant not less frequently than once in each Plan year.

Additionally, on any business day, participants may allocate their future contributions among any of the investment options and may transfer the amounts related to their prior contributions in any of the investment options to other investment options. All investment options are participant-directed.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution, the applicable allocation of the Company's contribution, and an appropriate allocation of Plan earnings (losses), and charged with an allocation for administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

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 on the loan is set on the application date and equals the prime interest rate on the last business day of the preceding calendar quarter plus 2 percent. The interest rate and repayment amounts for the loans are fixed for the term of the loan; loans are repaid in periodic installments, depending on the loan provisions. 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.

-5-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

Interest paid on loans is credited to the individual investment options from which the loan was taken.

PAYMENT OF BENEFITS

Upon disability, retirement, or other termination of service, a participant who is not eligible to elect or who does not elect to defer the distribution may elect to receive his/her vested benefit in the form of a single lump sum payment or annual or quarterly installment payments if the vested balance exceeds \$5,000. For amounts less than \$5,000, a single lump sum payment is made.

Edgar Filing: W R GRACE & CO - Form 11-K

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 accounting principles generally accepted in the United States of America ("GAAP").

RECLASSIFICATIONS

Prior to December 31, 2001, the assets of the Plan were commingled in the W.R. Grace & Co. Savings Plan Master Trust (the "Master Trust") with the assets of the W. R. Grace & Co. Hourly Employees Savings and Investment Plan. The Master Trust was administered by the Fidelity Management Trust Company ("Fidelity" or "Trustee"). The participating plans had a specific interest in the Master Trust's net assets. Fidelity continues to serve as the Trustee for the surviving W. R. Grace & Co. Savings and Investment Plan.

As a result of the merger of the Hourly Plan with and into the Plan on December 31, 2001, the Plan became the sole participant in the Master Trust; therefore the investment balances were reclassified in the prior year's statement of net assets available for benefits to reflect plan-level accounting versus Master Trust-level accounting.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments in publicly traded securities and mutual funds are stated at fair value. Investments in publicly traded securities are valued at the last reported sales price on the last day of the year. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Investments in guaranteed investment contracts held in the Fixed Income Fund (see Note 4) are stated at contract value, which represents contributions made under the contract plus interest at the contract rate, less funds used for withdrawals. Participant loans are valued at cost, which approximates fair value.

Purchases and sales of publicly traded securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Income of each investment option is reinvested in that option. The Trustee manages the Grace Common Stock Fund and the Employee Stock Ownership Plan ("ESOP") portion of the Plan by purchasing shares of Grace common stock and by selling shares to the extent necessary to obtain cash for disbursements and transfers to the other 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.

-6-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

The Plan records a realized gain or loss on Grace Common Stock Fund units distributed to participants in an amount equal to the difference between the market value at the distribution date and the average cost of the units distributed. The cost of securities sold is determined on the basis of

Edgar Filing: W R GRACE & CO - Form 11-K

average cost, and a gain or loss is recorded equal to the difference between average cost and the sale price. Accordingly, participants hold units in the fund and not shares, the value of which is \$1.02 and \$0.81 per unit at December 31, 2002 and 2001, respectively, versus Grace common stock which is valued at \$1.96 and \$1.55 per share at December 31, 2002 and 2001, respectively.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

PAYMENT OF BENEFITS

The Plan recognizes benefits when paid.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the Plan fiduciaries to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements. Actual amounts may differ from the estimates used.

RISKS AND UNCERTAINTIES

The Plan provides for various investment options. Investments are exposed to various risks, such as interest, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

-7-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

The following presents investments that represent five percent or more of the Plan's net assets available for benefits.

	DECEMBER 31,	
	2002	
Guaranteed Investment Contracts (GICs)		
State Street Bank & Trust Co., 6.03%, various maturity dates	\$ 74,411,704	\$ 8
AEGON Institutional Markets, 5.30%	58,587,036	
Pacific Life Insurance Co., 6.09%	21,361,975	
CDC IXIS, 3.14%	22,027,970	

Edgar Filing: W R GRACE & CO - Form 11-K

Metropolitan Life Insurance Co., 6.94%	-	
Fidelity Management Trust Company		
Fidelity Contrafund, 776,321 and 806,156 shares, respectively	29,965,984	
Fidelity Growth and Income Fund, 697,154 and 729,423 shares, respectively	21,130,752	
Fidelity Balanced Fund, 1,629,172 and 1,687,356 shares, respectively	21,651,700	
Fidelity Blue Chip Fund, 1,359,154 and 1,343,618 shares, respectively	43,411,402	
Grace Common Stock Fund, 23,703,537 units	24,101,477	

During 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$29,074,955 as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2002
Mutual Funds	\$ (34,146,657)
Common Stocks	5,071,702
	\$ (29,074,955)

-8-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

4. GUARANTEED INVESTMENT CONTRACTS

Investments in the participant-directed Fixed Income Fund consist primarily of benefit-responsive guaranteed investment contracts ("GICs") issued by various insurance companies. The Plan's GICs are stated at contract value, which approximates fair value. Contract value includes principal invested, plus earnings, less benefit payments and administrative expenses. Listed below are the Plan's investments in GICs:

		VALUE AT DECEMBER 31,	
ISSUER	RATE	2002	2001
GUARANTEED INVESTMENT CONTRACTS (GICS)			
Metropolitan Life Insurance Co.	6.94%	\$ 8,875,261	\$ 31,616,342
Peoples Security Life Insurance Co.	6.40%	--	10,612,574

Edgar Filing: W R GRACE & CO - Form 11-K

Transamerica Occidental Life Insurance Co.	6.13%	5,266,072	14,885,722
New York Life Investment Management LLC	6.63%	11,195,742	20,944,053
Pacific Life Insurance Co.	6.87%	--	8,176,221
	6.09%	21,361,975	20,135,708
MassMutual Financial Group	6.98%	6,009,323	5,617,240
SEI Trust Co.	5.88%	12,487,874	11,365,190
Principal Life Insurance Co.	6.10%	13,001,700	12,254,194

Total Traditional GICs		78,197,947	135,607,244
SYNTHETIC GICS			

CDC IXIS	3.14%		
Wrapper Contract		(92,115)	-
Underlying Assets:			
Interest in the UAM Trust Co. Dwight			
Target 2 Fund Master Trust		22,120,085	-
AEGON Institutional Markets	5.30%		
Wrapper Contract		(3,258,487)	-
Underlying Assets:			
Interest in the UAM Trust Co. Dwight			
Target 2 Fund Master Trust		10,129,036	-
Interest in the UAM Trust Co. Dwight			
Target 5 Fund Master Trust		51,716,487	-
State Street Bank & Trust Co.	6.03%		
Wrapper Contract		(6,528,729)	(2,359,402)
Underlying Assets:			
Interest in the UAM Trust Co. Dwight			
Target 5 Fund Master Trust		80,940,433	88,755,817

Contract Value		155,026,710	86,396,415

Total Contracts		233,224,657	222,003,659
Commercial Paper		4,177,819	3,043,200

TOTAL FIXED INCOME FUND		\$ 237,402,476	\$ 225,046,859
		=====	

-9-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS

5. MASTER TRUST

Prior to December 31, 2001, the Plan's investments were held in the Master Trust, which was established for the investment of assets of the Plan, formerly known as the W. R. Grace & Co. Salaried Employees Savings and Investment Plan, and the W. R. Grace & Co. Hourly Employees Savings and Investment Plan. Each participating retirement plan had a specific interest in the Master Trust. The assets of the Master Trust were held by the Trustee. Effective with the Hourly Plan merger on December 31, 2001, the Plan had a 100% interest in the Master Trust at December 31, 2001. As a result of the Plan's 100% ownership interest in the Master Trust, the statement of net assets available for benefits presents the net assets at the Plan level.

Edgar Filing: W R GRACE & CO - Form 11-K

Contributions and benefit payments were specifically allocated to the operation of the appropriate plan. However, other plan income and expenses were allocated to the respective plans' participants using methods outlined in the Master Trust agreement. The record keeper of the Master Trust allocated trust income and expenses between the participants of the participating plans on a monthly basis in relation to the market value of each participant's account at the beginning of the month for each Master Trust investment account. The statement of changes in net assets available for benefits for the year ended December 31, 2001 reflects the Plan's share of the Master Trust activities using this allocation method.

The following table presents the total net investment loss for both the Plan and the Hourly Plan which are included in the Master Trust for the year ended December 31, 2001:

```

=====
=====
INVESTMENT INCOME
    Interest and Dividends                                $   17,548,754
NET DEPRECIATION IN FAIR VALUE OF INVESTMENTS
    W.R. Grace & Co. Common Stock                        (12,161,369)
    Mutual Funds                                          (31,007,165)
-----
                                                    $  (25,619,780)
=====
    
```

The Plan's interest in the investment income (loss) of the Master Trust for the year ended December 31, 2001 was as follows:

```

=====
=====
INVESTMENT INCOME
    Interest and Dividends                                $   16,346,727
NET DEPRECIATION IN FAIR VALUE OF INVESTMENTS
    Mutual Funds                                          (29,220,829)
    Common Stocks                                        (9,655,330)
-----
                                                    $  (22,529,432)
=====
    
```

W. R. GRACE & CO.
 SAVINGS AND INVESTMENT PLAN
 NOTES TO FINANCIAL STATEMENTS

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by the Fidelity Management Trust Company. Fidelity is the trustee as defined by the Plan, and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$229,290 and \$71,168 for the years ended December 31, 2002 and 2001, respectively.

Edgar Filing: W R GRACE & CO - Form 11-K

W. R. Grace & Co., as plan sponsor, is also a related party. The Grace Common Stock Fund includes shares of Grace common stock, along with cash reserve amounts. At December 31, 2002 and 2001, the Plan held 23,703,537 and 21,168,553 units of Grace stock, respectively. The fair value of the Grace Common Stock Fund was \$24,101,477 and \$17,065,769 at December 31, 2002 and 2001, respectively. Purchases of \$15,229,192 (13,838,034 units) and \$7,965,879 (8,217,641 units) and sales of \$13,265,186 (11,303,050 units) and \$6,371,448 (5,488,149 units) of Grace common stock were made during 2002 and 2001, respectively.

7. FEDERAL INCOME TAXES

On July 13, 1995, the Internal Revenue Service ("IRS") 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. On February 28, 2002 the Plan administrator submitted an application to the IRS for a new determination letter. A response has not yet been received; however, the Plan fiduciaries believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Code. Therefore, the Plan fiduciaries believe the Plan continues to be qualified, and the related trust continues to be tax exempt.

8. 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 business unit may terminate its participation in the Plan with the approval of Grace's Board of Directors. In the event the Plan terminates, participants would receive the value of their account balances at the time of distribution.

9. SUBSEQUENT EVENTS

On March 17, 2003, Grace notified participants in the Plan of changes in the operation of the Grace Common Stock Fund. In recognition that the value of Grace common stock is more likely to be affected by speculation as Grace progresses toward a plan of reorganization in its Chapter 11 proceeding, commencing on April 16, 2003, Grace prohibited participants from directing payroll contributions into the Grace Stock Fund. Participants were permitted to redirect such contributions to any other available investment option at any time and, in the absence of any election, such contributions were directed into the Fixed Income Fund. Additionally, effective April 21, 2003, participants were prohibited from making transfers from other investment options into the Grace Stock Fund. However, participants in the Plan will continue to be able to transfer existing balances out of the Grace Stock Fund into the other available investment options offered by the Plan.

On March 26, 2003, Fidelity temporarily suspended the ability of participants with investment balances held in the Grace Common Stock Fund to redeem (i.e., sell or transfer to another investment option) any interests in Grace common stock. This temporary suspension was necessitated due to heavy requests for redemptions and market conditions that did not provide sufficient liquidity

Edgar Filing: W R GRACE & CO - Form 11-K

to execute each redemption request. The suspension enabled the Grace Stock Fund to sell off the backlog of orders and to replenish the Grace Stock Fund's cash component in accordance with its investment objectives and policies. The suspension ended on April 14, 2003. During the suspension, the Grace Stock Fund converted from the unitized method of trading to real time trading, which allows participants to sell Grace common stock by directly submitting orders to the stock market.

-12-

W. R. GRACE & CO.
SAVINGS AND INVESTMENT PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2002

IDENTITY OF ISSUER, BORROWER, LESSOR, OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE
-----------------------------------------------------------	------------------------------------------------------------------------------------------------------------

Fidelity Management Trust Company *
Mutual Funds:

PIMCO Total Return ADM, 126,930 shares
Franklin Small/Mid-Cap Growth A, 65,670 shares
Templeton Foreign A, 43,644 shares
Invesco Core Equity, 31,302 shares
AM Cent International Growth, 108,245 shares
JPM US Small Company Institutional, 37,057 shares
Fidelity Contrafund, 776,321 shares
Fidelity Equity Inc, 37,174 shares
Fidelity Investment Growth BD, 145,257 shares
Fidelity Growth and Income, 697,154 shares
Fidelity OTC Portfolio, 620,057 shares
Fidelity Europe, 17,425 shares
Fidelity Balanced, 1,629,172 shares
Fidelity Blue Chip, 1,359,154 shares
Fidelity Low PR Stock, 240,026 shares
Fidelity Diverse International, 54,060 shares
Fidelity Freedom Income, 32,737 shares
Fidelity Freedom 2000, 11,343 shares
Fidelity Freedom 2010, 52,327 shares
Fidelity Freedom 2020, 46,675 shares
Fidelity Freedom 2030, 15,604 shares
Spartan Total Market Index, 12,730 shares
Spartan Extended Market Index, 4,331 shares
Spartan International Index, 5,559 shares
Spartan US Equity Index, 48,437 shares
Fidelity US Bond Index, 173,603 shares
Fidelity Freedom 2040, 80 shares

Common Stock Fund:

Grace Common Stock Fund*

Grace Common Stock, 23,703,537 units

-13-

W. R. GRACE & CO.
 SAVINGS AND INVESTMENT PLAN
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 DECEMBER 31, 2002

 IDENTITY OF ISSUER, BORROWER, LESSOR, DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE,
 OR SIMILAR PARTY RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE

Guaranteed Investment Contracts:

State Street Bank & Trust Co.	Interest rate of 6.03%, various maturity dates
AEGON Institutional Markets	Interest rate of 5.30%, open maturity dates
CDC IXIS	Interest rate of 3.14%, open maturity dates
Pacific Life Insurance Co.	Interest rate of 6.09%, December 2003
Principal Life Insurance Co.	Interest rate of 6.10%, September 2003
SEI Trust Co.	Interest rate of 5.34%, open maturity dates
New York Life Investment Management LLC	Interest rate of 6.63%, June 2003
AEGON Institutional Markets	Interest rate of 5.30%, open maturity dates
Metropolitan Life Insurance Co.	Interest rate of 6.94%, March 2003
MassMutual Financial Group	Interest rate of 6.98%, December 2003
Transamerica Occidental Life Insurance Co.	Interest rate of 6.13%, March 2003
STIF	Interest rate of 1.35%

Loans:

Participant Loans *	Interest Rates Vary from 6.0% to 11.5%
---------------------	----------------------------------------

* - Denotes a party-in-interest

** - Cost is not required as all amounts are participant directed

-14-

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.
 SAVINGS AND INVESTMENT PLAN

Edgar Filing: W R GRACE & CO - Form 11-K

By: /s/ W. Brian McGowan

W. Brian McGowan
Senior Vice President
Corporate Administration

Date: June 27, 2003

II-1

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----
23	Consent of Independent Accountants
99	Certification under Section 906 of the Sarbanes-Oxley Act of 2002

II-2