

W. R. GRACE & CO.

COMPENSATION COMMITTEE CHARTER

Purpose

The Committee has been appointed by the Board to approve all compensation actions with respect to the Company's directors, the executive officers, and other members of senior management. The Committee also has responsibility for evaluating and approving the Company's annual and long-term incentive compensation plans (including equity-based plans), and for overseeing the general compensation structure, policies, and programs of the Company.

In addition, the Committee is responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

Committee Membership

The Committee shall consist of no fewer than three members. All members of the Committee shall meet the independence requirements of the New York Stock Exchange and any other applicable laws or regulations.

The Board shall appoint the members of the Committee, including the Committee chair. The Board may replace Committee members with or without cause.

Committee Authority and Responsibilities

1. The Committee shall review and approve corporate goals and objectives relevant to the compensation of the chief executive officer, evaluate the CEO's performance in light of those goals and objectives, and have sole authority to determine the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
2. The Committee shall annually review and approve, for the CEO, the members of the Company's Leadership Team, and other executives whose annual base salaries exceed \$250,000 (a) annual base salary, (b) the annual incentive opportunity, (c) the long-term incentive opportunity, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.

3. The Committee shall determine eligibility for participation in the Company's executive compensation plans and programs, the amount, forms and other conditions of any awards, and the timing of any payouts. The Committee shall review new executive compensation programs and evaluate whether existing executive compensation programs are achieving their intended purposes.
4. The Committee shall periodically review, evaluate and approve the compensation payable to the Company's non-employee directors.
5. The Committee shall review from time to time the Company's overall compensation policies and philosophy to insure that they are consistent with the Company's growth, productivity, and profitability goals.
6. The Committee shall oversee the development of succession plans for executive positions.
7. The Committee may form and delegate authority to subcommittees when appropriate; a subcommittee may consist of one or more members.
8. The Committee shall make regular reports to the Board.
9. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior management compensation, and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
10. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.

Approved by the Board of Directors

Date: January 15, 2004