SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

OR

(   ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to_______

Commission file number 1-12139

SEALED AIR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	65-0654331
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Park 80 East Saddle Brook, New Jersey	07663-5291
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (201) 791-7600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

There were 83,516,970 shares of the registrant's common stock, par value $0.10 per share, and 35,758,334 shares of the registrant's Series A convertible preferred stock, par value $0.10 per share, outstanding as of October 31, 1999.

PART I
FINANCIAL INFORMATION

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
For the Three and Nine Months Ended September 30, 1999 and 1998
(In thousands except per share data)
(Unaudited)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	1999	1998	1999	1998
Net sales	$714,755	$684,302	$2,088,813	$1,785,342
Cost of sales	457,551	443,249	1,332,331	1,177,107

Gross profit	257,204	241,053	756,482	608,235
Marketing, administrative and development expenses	130,721	130,994	391,304	349,531
Goodwill amortization	12,278	11,756	36,860	23,864
Restructuring and other charges	--	111,074	--	111,074
Operating profit (loss)	114,205	(12,771)	328,318	123,766
Other income (expense):				
Interest expense	(14,631)	(18,968)	(44,088)	(39,692)
Other, net	822	(3,342)	(199)	(5,290)
Other expense, net	(13,809)	(22,310)	(44,287)	(44,982)
Earnings (loss)before income taxes	100,396	(35,081)	284,031	78,784
Income taxes	46,684	19,022	132,513	70,270
Net earnings (loss)	$ 53,712	$(54,103)	$ 151,518	$ 8,514
Less: Series A Preferred stock dividends	17,879	17,999	53,668	36,010
Less: Retroactive recognition of preferred stock dividends	--	--	--	18,011
Add: Excess of book value over repurchase price of Series A preferred stock	--	816	39	816
Net earnings (loss) ascribed to common shareholders	$ 35,833	$(71,286)	$ 97,889	$ (44,691)
Earnings (loss) per common share (See Note 4):				
Basic	$ 0.43	$ (0.85)	$ 1.17	$ (0.64)
Diluted	$ 0.43	$ (0.85)	$ 1.17	$ (0.64)
Weighted average number of common shares outstanding:				
Basic	83,648	83,637	83,552	69,504
Diluted	83,784	83,637	83,688	69,504

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
September 30, 1999 and December 31, 1998
(In thousands of dollars except share data)

	September 30, 1999 (Unaudited)	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 74,403	$ 44,986
Notes and accounts receivable, net of allowances for doubtful accounts of $20,639 in 1999 and $17,945 in 1998	465,351	453,124
Inventories	263,415	275,312
Other current assets	70,311	71,192
Total current assets	873,480	844,614
Property and equipment:		
Land and buildings	416,643	420,589
Machinery and equipment	1,347,402	1,349,716
Other property and equipment	114,927	121,252
Construction in progress	55,510	54,538
	1,934,482	1,946,095
Less accumulated depreciation and amortization	903,782	829,513
Property and equipment, net	1,030,700	1,116,582
Goodwill, less accumulated amortization of $72,393 in 1999 and $36,083 in 1998	1,873,088	1,907,736
Other assets	178,978	170,998
Total assets	$3,956,246	$4,039,930

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
September 30, 1999 and December 31, 1998 (Continued)
(In thousands of dollars except share data)

	September 30, 1999 (Unaudited)	December 31, 1998
LIABILITIES, CONVERTIBLE PREFERRED STOCK & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 238,115	$ 85,131
Accounts payable	168,841	176,594
Other current liabilities	229,493	230,332
Income taxes payable	42,016	42,933
Total current liabilities	678,465	534,990
Long-term debt, less current portion	701,214	996,526
Deferred income taxes	206,561	200,699
Other liabilities	84,249	79,577
Total liabilities	1,670,489	1,811,792
Series A convertible preferred stock, $50 per share redemption value, authorized and issued 36,016,254 shares in 1999 and 36,021,851 shares in 1998, including 257,500 shares in 1999 and 200,000 shares in 1998 in treasury, mandatory redemption in 2018	1,787,938	1,791,093
Shareholders' equity:		
Common stock, $.10 par value. Authorized 400,000,000 shares, issued 84,054,890 shares in 1999 and 83,806,361 shares in 1998	8,405	8,380
Additional paid-in capital	627,190	610,505
Retained earnings (deficit)	89,884	(7,966)
Accumulated translation adjustment	(175,525)	(124,843)
	549,954	486,076
Less: Deferred compensation	24,747	28,683
Less: Cost of treasury common stock, 535,104 shares in 1999 and 494,550 shares in 1998	24,274	17,234
Less: Minimum pension liability	3,114	3,114
Total shareholders' equity	497,819	437,045
Total liabilities, preferred stock and shareholders' equity	$3,956,246	$4,039,930

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 1999 and 1998
(In thousands of dollars)
(Unaudited)

	1999	1998
Cash flows from operating activities:		
Net earnings	$ 151,518	$ 8,514
Adjustments to reconcile net earnings to net cash provided by operating activities, net of effect of businesses acquired:		
Depreciation and amortization	167,871	139,277
Amortization of senior debt discount	92	--
Deferred tax benefit	(2,217)	(5,501)
Non-cash portion of restructuring and other charges, net	--	67,785
Net loss on disposals of fixed assets	200	587
Changes in operating assets and liabilities, net of assets and liabilities acquired and transferred to/from Grace:		
Notes and accounts receivable	(24,130)	(23,629)
Inventories	5,033	5,560
Other current assets	1,265	2,603
Other assets	(727)	(12,146)
Accounts payable	(5,513)	4,807
Other current liabilities	11,125	81,807
Other liabilities	6,202	6,802
Net cash provided by operating activities	310,719	276,466
Cash flows from investing activities:		
Capital expenditures for property and equipment	(51,145)	(55,866)
Proceeds from sales of property and equipment	2,371	2,421
Businesses acquired, net of cash acquired	(10,430)	48,994
Net cash used in investing activities	(59,204)	(4,451)
Cash flows from financing activities:		
Net advances to Grace	--	(14,062)
Proceeds from long-term debt	500,855	1,258,807
Payment of long-term debt	(808,440)	(187,067)
Payment of senior debt issuance costs	(3,123)	--
Dividends paid on preferred stock	(53,700)	(18,011)
Purchase of treasury common stock	(14,189)	(10,195)
Purchase of treasury preferred stock	(2,836)	(3,184)
Proceeds from stock option exercises	1,924	--
Transfer of funds to New Grace	--	(1,256,614)
Net proceeds from (payments of) short-term borrowings	158,599	(2,144)
Net cash used in financing activities	(220,910)	(232,470)
Effect of exchange rate changes on cash and cash equivalents	(1,188)	369
Cash and cash equivalents:		
Increase during the period	29,417	39,914
Balance, beginning of period	44,986	--
Balance, end of period	$ 74,403	$ 39,914

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 1999 and 1998 (Continued)
(In thousands of dollars)
(Unaudited)

	1999	1998
Supplemental Cash Flow Items:		
Interest payments, net of amounts capitalized	$ 36,110	$ 33,639
Income tax payments	$ 133,473	$ 31,890
Non-Cash Items:		
Issuance of 36,021,851 shares of Series A convertible preferred stock and 40,647,815 shares of common stock in connection with the Recapitalization	$ --	$ 1,801,093
Net assets acquired in exchange for the issuance of 42,624,246 shares of common stock in connection with the Merger, net of cash balance of $51,259 acquired	$ --	$ 2,110,752

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three and Nine Months Ended September 30, 1999 and 1998
(In thousands of dollars)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	1999	1998	1999	1998
Net Earnings (loss)	$ 53,712	$ (54,103)	$ 151,518	$ 8,514
Other comprehensive income:				
Foreign currency translation adjustments	(2,641)	8,499	(50,682)	(4,179)
Comprehensive income (loss)	$ 51,071	$ (45,604)	$ 100,836	$ 4,335

See accompanying notes to consolidated financial statements.

(1) Reorganization, Recapitalization and Merger

On March 31, 1998, the Company (formerly known as W. R. Grace & Co.) and Sealed Air Corporation ("old Sealed Air"), completed a series of transactions as a result of which:

(a) The specialty chemicals business of the Company was separated from its packaging business, the packaging business ("Cryovac") was contributed to one group of wholly owned subsidiaries, and the specialty chemicals business was contributed to another group of wholly owned subsidiaries ("New Grace"); the Company and Cryovac borrowed approximately $1.26 billion under two revolving credit agreements (the "Credit Agreements") (which, as amended, are discussed below) and transferred substantially all of those funds to New Grace; and the Company distributed all of the outstanding shares of common stock of New Grace to its shareholders. As a result, New Grace became a separate publicly owned corporation that is unrelated to the Company. These transactions are referred to below as the "Reorganization."

(b) The Company recapitalized its outstanding shares of common stock, par value $0.01 per share ("Grace Common Stock"), into a new common stock and Series A convertible preferred stock, each with a par value of $0.10 per share (the "Recapitalization").

(c) A subsidiary of the Company merged into old Sealed Air (the "Merger"), with old Sealed Air being the surviving corporation. As a result of the Merger, old Sealed Air became a subsidiary of the Company, and the Company was renamed Sealed Air Corporation.

References to "Grace" in these notes refer to the Company before the Reorganization, the Recapitalization and the Merger.

(2) Basis of Presentation

The Merger was accounted for as a purchase of old Sealed Air by the Company as of March 31, 1998. Accordingly, the financial statements include the operating results and cash flows as well as the assets and liabilities of Cryovac for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included from March 31, 1998. See Note 8 for unaudited selected pro forma statement of earnings information for the quarter and nine months ended September 30, 1998. For periods prior to the Merger, the financial statements exclude all of the assets, liabilities (including contingent liabilities), revenues and expenses of Grace other than the assets, liabilities, revenues and expenses of Cryovac.

Subsequent to the Merger, the consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the consolidated financial position and results of operations for the quarter and nine months ended September 30, 1999 have been made. The consolidated statements of earnings for the three and nine months ended September 30, 1999 are not necessarily indicative of the results to be expected for the full year.

Certain prior period amounts have been reclassified to conform to the current year's presentation.

(3) Equity

In connection with the Recapitalization, the Company, among other things, recapitalized the outstanding shares of Grace Common Stock into 40,647,815 shares of the Company's common stock and 36,021,851 shares of Series A convertible preferred stock (convertible into approximately 31,900,000 shares of the Company's common stock), each with a par value of $0.10 per share. In the Merger, the Company issued 42,624,246 shares of common stock to the shareholders of old Sealed Air.

The outstanding Series A preferred stock is convertible at any time into approximately 0.885 share of common stock for each share of preferred stock, votes with the common stock on an as-converted basis, pays a cash dividend, as declared by the Board of Directors, at an annual rate of $2.00 per share, payable quarterly in arrears, becomes redeemable at the option of the Company beginning March 31, 2001, subject to certain conditions, and is subject to mandatory redemption on March 31, 2018 at $50 per share, plus any accrued and unpaid dividends. Because it is subject to mandatory redemption, the Series A convertible preferred stock is classified outside of the shareholders' equity section of the balance sheet. At its date of issuance, the fair value of the Series A convertible preferred stock exceeded its mandatory redemption amount primarily due to the common stock conversion feature of such preferred stock. Accordingly, the carrying amount of the Series A convertible preferred stock is reflected in the consolidated balance sheet at its mandatory redemption value. The Company has authority to issue a total of 50,000,000 shares of preferred stock, par value $0.10 per share.

(4) Earnings Per Common Share

In calculating basic and diluted earnings per common share for the first nine months of 1998, retroactive recognition was given to the Recapitalization as if it had occurred on January 1, 1998 in accordance with SAB No. 98. Accordingly, net earnings were reduced for preferred stock dividends for the first quarter of 1998 (as if such shares had been outstanding during the period) to arrive at net earnings ascribed to common shareholders. The weighted average number of outstanding common shares used for the first nine months of 1998 to calculate basic earnings per common share was calculated on an equivalent share basis using the weighted average number of shares of common stock outstanding for the first quarter of 1998, adjusted to reflect the terms of the Recapitalization. The weighted average number of common shares used to calculate diluted earnings per common share also considers the exercise of dilutive stock options in each period. The outstanding preferred stock is not assumed to be converted in the calculation of diluted earnings per common share for all periods presented because the treatment of the preferred stock as the common stock into which it is convertible would be antidilutive (i.e., would increase earnings per common share) in those periods.

The following table sets forth the reconciliation of the computations of basic and diluted earnings per common share for the three and nine months ended September 30, 1999 and 1998 (amounts other than per share amounts in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Basic EPS:				
Numerator				
Net earnings (loss)	$ 53,712	$ (54,103)	$ 151,518	$ 8,514
Add: Excess of book value over repurchase price of preferred stock	--	816	39	816
Less: Preferred stock dividends	17,879	17,999	53,668	36,010
Less: Retroactive recognition of preferred stock dividends	--	--	--	18,011
Net earnings (loss) ascribed to common shareholders	$ 35,833	$ (71,286)	$ 97,889	$ (44,691)
Denominator				
Weighted average common shares outstanding - basic	83,648	83,637	83,552	69,504
Basic earnings (loss) per common share	$ 0.43	$ (0.85)	$ 1.17	$ (0.64)
Diluted EPS:				
Numerator				
Net earnings (loss) ascribed to common shareholders	$ 35,833	$ (71,286)	$ 97,889	$(44,691)
Denominator				
Weighted average common shares outstanding - basic	83,648	83,637	83,552	69,504
Effect of assumed exercise of stock options	136	--	136	--
Weighted average common shares outstanding - diluted	83,784	83,637	83,688	69,504
Diluted earnings (loss) per common share	$ 0.43	$ (0.85)	$ 1.17	$ (0.64)

(5) Inventories

At September 30, 1999 and December 31, 1998, the components of inventories by major classification (raw materials, work in process and finished goods) were as follows:

	September 30, 1999	December 31, 1998
Raw materials	$ 61,292	$ 63,805
Work in process	46,637	50,714
Finished goods	169,006	176,965
Subtotal	276,935	291,484
Reduction of certain inventories to LIFO basis	(13,520)	(16,172)
Total inventories	$ 263,415	$ 275,312

(6) Income Taxes

The Company's effective income tax rates were 46.5% and 46.0% for the third quarters of 1999 and 1998, respectively. This effective tax rate for the third quarter of 1998 is before giving effect to the restructuring and related charges amounting to $111,074 that the Company incurred following the Merger and the special income tax charge of $26 million for the assumed repatriation to the U.S. of the accumulated earnings of the Company's foreign subsidiaries that are not considered to be permanently invested in their businesses. Such rates were higher than the statutory U.S. federal income tax rate primarily due to the non-deductibility of the goodwill amortization resulting from the Merger and to state income taxes.

(7) Long-Term Debt

On July 19, 1999, the Company issued euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes in the European market ("Euro Notes") under Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing on July 19, 2000. The net proceeds of euro 198,624 (approximately $203 million) were used to reduce outstanding borrowings under the Credit Agreements, described below. At September 30, 1999, the outstanding borrowings under the Euro Notes were $208,467 net of unamortized bond discount of $1,410.

On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes ("Senior Notes") under Rule 144A and Regulation S of the Securities Act. Accrued interest on the Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 1999. The net proceeds of $297,834 from the issuance of the Senior Notes were used to reduce outstanding borrowings under the Credit Agreements. At September 30, 1999, the outstanding borrowings under the Senior Notes were $297,891 net of unamortized bond discount of $2,109.

At September 30, 1999, the Company's outstanding debt consisted primarily of borrowings made under the Credit Agreements, the Senior Notes, the Euro Notes and certain other loans incurred by the Company's subsidiaries. The Company's outstanding debt as of December 31, 1998 primarily included borrowings under the Credit Agreements and certain other loans incurred by the Company's subsidiaries.

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 and a 364-day revolving credit facility that expires on March 27, 2000. During 1999, the Company has voluntarily reduced the amounts available under the Credit Agreements from $1 billion to $650 million under the 5-year revolving credit facility and from $600 million to $475 million under the 364-day revolving credit facility. As of September 30, 1999, outstanding borrowings under the 5-year and 364-day revolving credit facilities were approximately $184 million (included in long-term debt) and $139 million (included in short-term borrowings), respectively. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs including acquisitions and other capital expenditures. Amounts repaid under the Credit Agreements may be reborrowed from time to time, up to the maximum $1.125 billion commitment amount under the Credit Agreements.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 5.6% at September 30, 1999 and 5.8% at December 31, 1998. The Company had certain interest rate swap agreements outstanding at December 31, 1998, that had the effect of fixing the interest rates on a portion of such debt. The weighted average interest rate at December 31, 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings, and impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, mergers and acquisitions, and certain dispositions of property and assets. The Company was in compliance with these requirements as of September 30, 1999.

The Senior Notes and Euro Notes also impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, merger or consolidation of the Company and disposition of substantially all of the Company's assets. In addition, the Senior Notes include restrictions on sale-leaseback transactions. The Company was in compliance with these requirements as of September 30, 1999.

(8) Pro Forma Information

The following table presents selected unaudited pro forma statement of earnings (loss) information for the quarter and nine months ended September 30, 1998 as a result of the Reorganization, the Recapitalization and the Merger. Such information reflects pro forma adjustments made in combining the historical results of old Sealed Air and Cryovac as a result of such transactions for the three and nine months ended September 30, 1998. Such amounts include for the first quarter of 1998, among others, incremental goodwill amortization of approximately $10 million and incremental interest expense of approximately $20 million. This pro forma information is not intended to represent what the Company's actual results of operations would have been for such periods.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	Reported 1999	Pro Forma 1998(1)	Reported 1999	Pro Forma 1998(1)
Net sales by business segment:				
Food and specialty packaging	$439,922	$430,928	$1,297,708	$1,251,730
Protective packaging	274,833	253,374	791,105	746,364
Total net sales	714,755	684,302	2,088,813	1,998,094
Cost of sales	457,551	443,249	1,332,331	1,302,044
Gross profit	257,204	241,053	756,482	696,050
Marketing, administrative and development expenses	130,721	130,994	391,304	379,640
Goodwill amortization	12,278	11,756	36,860	35,695
Restructuring and other charges	--	111,074	--	111,074
Operating profit (loss)	114,205	(12,771)	328,318	169,641
Other income (expense):				
Interest expense	(14,631)	(18,968)	(44,088)	(62,063)
Other, net	822	(3,342)	(199)	(4,675)
Other expense, net	(13,809)	(22,310)	(44,287)	(66,738)
Earnings (loss) before income taxes	100,396	(35,081)	284,031	102,903

Income taxes	46,684	21,717	132,513	85,904
Net earnings (loss)	53,712	(56,798)	151,518	16,999
Less: Preferred stock dividends	17,879	17,999	53,668	36,010
Less: Retroactive recognition of preferred stock dividends	--	--	--	18,011
Add: Excess of book value over repurchase price of preferred stock	--	816	39	816
Net earnings (loss) ascribed to common shareholders	35,833	(73,981)	97,889	(36,206)
Earnings (loss) per common share (2)				
Basic	0.43	(0.88)	1.17	(0.43)
Diluted	0.43	(0.88)	1.17	(0.43)
Weighted average number of common shares outstanding:				
Basic	83,648	83,637	83,552	83,504
Diluted	83,784	83,637	83,688	83,504

(1) The third quarter of 1998 represents the actual operating results resulting from the Merger of old Sealed Air and Cryovac and the nine months ended September 30, 1998 excludes a second quarter non-cash inventory charge of approximately $8 million resulting from the turnover of certain of the Company's inventories previously stepped-up to fair value in connection with the Merger.

(2) For purposes of calculating basic and diluted earnings per common share in the first nine months of 1998, net earnings have been reduced by the dividends that would have been payable on the Company's Series A convertible preferred stock for the first quarter of 1998 if such shares had been outstanding during such period to arrive at net earnings ascribed to common shareholders. The weighted average number of outstanding common shares used to calculate basic earnings per common share is calculated on an equivalent share basis using the weighted average number of shares outstanding of the Company's common stock for the first quarter of 1998, adjusted to reflect the terms of the Recapitalization. The assumed conversion of the convertible preferred stock is not considered in the calculation of diluted earnings per common share for all periods presented as the effect is antidilutive (i.e. would increase the earnings per common share for each period presented).

(9) Restructuring and Other Charges

The Company's restructuring reserve, which arose primarily out of a restructuring undertaken by the Company during the third quarter of 1998, amounted to $7,700 at September 30, 1999 and $26,924 at December 31, 1998. The components of the restructuring charges, spending and other activity through September 30, 1999 and the remaining reserve balance at September 30, 1999 were as follows:

	Employee Termination Costs	Plant/Office Closures	Contract Termination Costs	Total
Restructuring reserve at December 31, 1998	25,362	1,562	--	26,924
Cash payments during 1999	(18,827)	(397)	--	(19,224)
Restructuring reserve at September 30, 1999	6,535	1,165	--	7,700

The Company expects to incur approximately $43,289 of cash outlays to carry out this restructuring program, of which approximately $35,589 was incurred through September 30, 1999. These cash outlays include primarily severance and other personnel related costs, costs of terminating leases and facilities and equipment disposition costs. In connection with the restructuring, the Company is eliminating 750 positions, or approximately 5% of its workforce as of September 30, 1998, across all functional areas. Through September 30, 1999, approximately 708 positions had been eliminated, and all restructuring actions, including remaining asset dispositions, are expected to be completed by the end

of 1999 although certain cash outlays will continue into future years.

(10) Business Segment Information

The Company operates in two reportable business segments: (i) Food and Specialty Packaging and (ii) Protective Packaging. The Food and Specialty Packaging segment comprises the Company's Cryovac(R) food and specialty products. The Protective Packaging segment includes the aggregation of the Company's packaging products, engineered products and specialty products, all of which products are for non-food applications.

The Food and Specialty Packaging segment includes flexible materials and related systems (shrink film products, laminated films and specialty packaging systems marketed primarily under the Cryovac(R) trademark for a broad range of perishable foods). This segment also includes rigid packaging and absorbent pads (absorbent pads used for the packaging of meat, fish and poultry, foam trays for supermarkets and food processors, and rigid plastic containers for dairy and other food products).

The Protective Packaging segment includes cushioning and surface protection products (including air cellular cushioning materials, films for non-food applications, polyurethane foam packaging systems sold under the Instapak(R) trademark, polyethylene foam sheets and planks, a comprehensive line of protective and durable mailers and bags, certain paper-based protective packaging materials, suspension and retention packaging, and packaging systems) and other products (principally specialty adhesive products).

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	1999	1998	1999	1998
Net sales				
Food and Specialty Packaging	$ 439,922	$ 430,928	$ 1,297,708	$ 1,226,382
Protective Packaging	274,833	253,374	791,105	558,960
Total segments	$ 714,755	$ 684,302	$ 2,088,813	$ 1,785,342
Operating profit (loss)				
Food and Specialty Packaging	$ 69,828	$ 58,279	$ 210,080	$ 159,103
Protective Packaging	61,950	55,721	172,461	106,003
Total segments	131,778	114,000	382,541	265,106
Restructuring and other charges, net (1)	--	(111,074)	--	(111,074)
Corporate operating expenses(2)	(17,573)	(15,697)	(54,223)	(30,266)
Total	$ 114,205	$ (12,771)	$ 328,318	$ 123,766
Depreciation and amortization				
Food and Specialty Packaging	$ 27,845	$ 26,246	$ 83,463	$ 79,971
Protective Packaging	15,738	15,011	45,870	34,903
Total segments	43,583	41,257	129,333	114,874
Corporate (including goodwill amortization)	12,342	12,014	38,538	24,403
Total	$ 55,925	$ 53,271	$ 167,871	$ 139,277

(1) Restructuring and Other Charges, net was $97,064 for Food and Specialty Packaging (including a net non-cash charge of $65,381) and $14,010 for Protective Packaging (including a net non-cash charge of $2,404).

(2) Includes goodwill amortization of $12,278 and $11,756 in the third quarters of 1999 and 1998, respectively and $36,860 and $23,864 in the first nine months of 1999 and 1998, respectively.

(11) Acquisitions

During the first nine months of 1999, the Company made several small acquisitions. These transactions, which were effected in exchange for cash, were accounted for as purchases and were not material to the Company's consolidated financial statements.

Management's Discussion and Analysis of Results of Operations and Financial Condition

On March 31, 1998, the Company (formerly known as W. R. Grace & Co.) and Sealed Air Corporation ("old Sealed Air") completed a series of transactions as a result of which:

(a) The specialty chemicals business of the Company was separated from its packaging business, the packaging business ("Cryovac") was contributed to one group of wholly owned subsidiaries, and the specialty chemicals business was contributed to another group of wholly owned subsidiaries ("New Grace"); the Company and Cryovac borrowed approximately $1.26 billion under two revolving credit agreements (the "Credit Agreements") (which, as amended, are discussed below) and transferred substantially all of those funds to New Grace; and the Company distributed all of the outstanding shares of common stock of New Grace to its stockholders. As a result, New Grace became a separate publicly owned corporation that is unrelated to the Company. These transactions are referred to below as the "Reorganization."

(b) The Company recapitalized its outstanding shares of common stock, par value $0.01 per share ("Grace Common Stock"), into a new common stock and Series A convertible preferred stock (the "Series A Preferred Stock"), each with a par value of $0.10 per share (the "Recapitalization").

(c) A subsidiary of the Company merged into old Sealed Air (the "Merger"), with old Sealed Air being the surviving corporation. As a result of the Merger, old Sealed Air became a subsidiary of the Company, and the Company was renamed Sealed Air Corporation.

References to "Grace" in this Management's Discussion and Analysis refer to the Company before the Reorganization, the Recapitalization and the Merger.

The Merger was accounted for as a purchase of old Sealed Air by the Company as of March 31, 1998. Accordingly, the financial statements include the operating results and cash flows as well as the assets and liabilities of Cryovac for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included from March 31, 1998. For periods prior to the Merger, the financial statements exclude all of the assets, liabilities (including contingent liabilities), revenues and expenses of Grace other than the assets, liabilities, revenues and expenses of Cryovac.

In order to facilitate a review of the factors that affected the Company's operating results for the third quarter and first nine months of 1999, the Company has included selected unaudited pro forma financial information in Note 8 to the consolidated financial statements included in this Form 10-Q. References to this information are included below in the discussion of results of operations to assist in understanding the factors other

than the Merger and its related transactions that affected the Company's operating results in the periods covered by the Company's Management Discussion and Analysis.

Results of Operations

Discussion and Analysis of Reported Operating Results

The reported results for the third quarter of 1999 compared to the third quarter of 1998 are discussed in the Discussion and Analysis of Pro Forma Operating Results below since reported third quarter 1998 is on a basis comparable to pro forma third quarter 1998. The following will be a discussion of the reported nine month period of 1999 compared to the reported nine month period of 1998.

For the nine month period, the Company's net sales increased 17% to $2,088,813,000 in 1999 from $1,785,342,000 in 1998. Gross profit for the first nine months of 1999 was 36.2% of net sales compared to 34.1% in the nine month 1998 period. Marketing, administrative and development expenses increased 12% in the first nine months of 1999 compared to the 1998 period. The Company recorded goodwill amortization, primarily as a result of the Merger, of $36,860,000 in the first nine months of 1999 compared to $23,864,000 in the first nine months of 1998.

This increase in net sales as well as most of the increase in cost of sales, marketing, administrative and development expenses, and the substantial increase in goodwill amortization, that the Company experienced in the nine month period were due primarily to the inclusion of the protective packaging business of old Sealed Air in the entire 1999 period, but not in the first quarter of 1998, and adjustments arising from the Merger, the Reorganization and the Recapitalization.

For the first nine months of 1999, gross profit as a percentage of net sales was 36.2% compared to 34.1% in the 1998 period. During the second quarter of 1998, the Company incurred a non-cash inventory charge of approximately $8,000,000 resulting from the turnover of certain of the Company's inventories previously stepped-up to fair value in connection with the Merger (the "Inventory Charge"). Excluding the Inventory Charge, gross profit as a percentage of net sales would have been 34.5% for the first nine months of 1998. These increases resulted primarily from the inclusion of old Sealed Air in the entire 1999 period as noted above, the higher level of net sales and cost reductions arising out of certain improvements in the Company's operations partially offset, beginning in the third quarter of 1999, by certain higher raw material prices for certain of the Company's products. The first nine months of 1998 also included certain inventory-related provisions made in the third quarter of 1998 that were not present in the third quarter of 1999.

The higher level of marketing, administrative and development expenses is due primarily to the inclusion of old Sealed Air in the entire 1999 period as noted above partially offset by the inclusion in the 1998 period of $18,044,000 of corporate expenses that were allocated to Cryovac by Grace in the first quarter of 1998 prior to the Merger.

Such allocations ceased upon the Merger. In addition, the change in the first nine months of 1999 compared to the 1998 period also reflects continuing improvements in the Company's operations, including lower provisions for doubtful receivables, partially offset by integration expenses and increases in information systems costs.

Operating results for the first nine months of 1999, were favorably affected by the absence of the restructuring and related charges that the Company incurred in the third quarter of 1998 amounting to $111,074,000, following the Merger.

Other expense, net, which primarily reflects interest expense on the Company's indebtedness, decreased modestly for the first nine months of 1999. The decrease was due to reduced losses related to foreign exchange transactions. This decrease was offset in part by an increase in interest expense for the first nine months of 1999 due to the timing of indebtedness entered into under the Credit Agreements, whereby the debt under the Credit Agreements was outstanding for the full nine month period of 1999 but only from April 1 for the 1998 period.

Income taxes in the first nine months of 1998 included a special income tax charge of $26,000,000 for the assumed repatriation to the U.S. of the accumulated earnings of the Company's foreign subsidiaries that were not considered to be permanently invested in their businesses. The effective tax rate for the first nine months of 1999 was 46.7% compared to 45.2% in the 1998 period, before giving effect to the restructuring and related charges and the special income tax charge. Such rates were higher than the statutory U.S. federal income tax rate primarily due to the non-deductibility of the goodwill amortization resulting from the Merger and to state income taxes.

As a result of the factors discussed above, the Company's net earnings increased to $151,518,000 for the first nine months of 1999 from $8,514,000 for the first nine months of 1998.

Basic and diluted earnings per common share for the first nine months of 1999 were $1.17 compared to a loss of ($0.64)in the 1998 period.

Discussion and Analysis of Pro Forma Operating Results

The following discussion relates to the unaudited selected pro forma financial information that appears in Note 8 to the consolidated financial statements included in this Form 10-Q.

Reported net sales for the third quarter of 1999 increased 4% to $714,755,000 compared with $684,302,000 for the third quarter of 1998. For the nine month period, the Company's reported net sales increased 5% to $2,088,813,000 compared with pro forma net sales of $1,998,094,000 in the 1998 period. The increases in net sales in both periods were primarily due to higher unit volume, partially offset by the negative effect of foreign currency translation.

The Company's net sales continued to be affected in the third quarter and first nine months of 1999 by the continued weakness of foreign currencies compared with the U.S. dollar in Latin America and Europe. Excluding the negative effect of foreign currency

translation, net sales would have increased 6% for both the third quarter and, on a pro forma basis, the first nine months of 1999 compared to the respective 1998 periods.

Net sales from domestic operations increased approximately 5% compared with the third quarter of 1998 and, on a pro forma basis, the first nine months of 1998, primarily due to increased unit volume in both periods.

Net sales from foreign operations represented approximately 45% of the Company's total net sales in the third quarter of 1999 and 1998 and 46% in the first nine months of 1999 and 1998, on a pro forma basis. The increase in net sales from foreign operations was approximately 3% compared with the third quarter of 1998 and, on a pro forma basis, 4% compared with the first nine months of 1998, primarily due to increased unit volume and, to a lesser extent, small acquisitions in both 1999 periods, which more than offset the negative effect of foreign currency translation.

Net sales of the Company's food and specialty packaging products segment, which consists primarily of the Company's Cryovac(R) food packaging products and Dri-Loc(R) absorbent pads, increased approximately 2% for the third quarter and, on a pro forma basis, 4% compared to the first nine months of 1998. These increases were due primarily to higher unit volume partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of this segment would have increased by 4% for the third quarter and, on a pro forma basis, 6% for the first nine months of 1999 compared to the respective 1998 periods.

Net sales of the Company's protective packaging segment, which consists primarily of Cryovac(R) performance shrink films, Instapak(R) chemicals and equipment, air cellular and polyethylene foam surface protection and cushioning materials and protective and durable mailers and bags, increased 8% for the third quarter and, on a pro forma basis, 6% for the first nine months of 1999 compared to the respective 1998 periods. These increases in both periods were due primarily to higher unit volume and, to a lesser extent, small acquisitions. Foreign currency translation had a minimal negative effect on the increase in net sales of this segment in both the third quarter and first nine months of 1999 compared to the respective 1998 periods.

Gross profit as a percentage of net sales was 36.0% for the third quarter and 36.2% for the first nine months of 1999 compared to 35.2% for the third quarter of 1998 and 34.8% on a pro forma basis for the first nine months of 1998 (which excludes the effect of the Inventory Charge in the first nine months of 1998). These increases resulted primarily from the higher level of net sales and cost reductions arising out of certain improvements in the Company's operations partially offset, beginning in the third quarter of 1999, by certain higher raw material prices for certain of the Company's products. The 1999 periods also reflected the absence of certain inventory related provisions that were made in the third quarter of 1998.

Marketing, administrative and development expenses and goodwill amortization as a percentage of net sales were 20.0% for the third quarter of 1999 compared to 20.9% for the 1998 period and were 20.5% for the first nine months of 1999 compared to, on a pro forma

basis, 20.8% for the 1998 period. These decreases as a percentage of net sales reflect continuing improvements in the Company's operations, including lower provisions for doubtful receivables, partially offset by integration expenses and increases in information systems costs.

Operating results for the third quarter and first nine months of 1999 were favorably affected by the absence of the restructuring and related charges that the Company incurred in the third quarter of 1998, amounting to $111,074,000, following the Merger.

On a pro forma basis, other expense, net, which primarily reflects interest expense on the Company's indebtedness, decreased compared to the third quarter and, on a pro forma basis, the first nine months of 1998 primarily due to the lower level of debt outstanding during the 1999 periods. The decrease in other expense, net in the third quarter and first nine months of 1999, was also due to reduced losses related to foreign exchange transactions.

The Company's effective income tax rates were 46.5% and 46.7% in the third quarter and first nine months of 1999, respectively, and 47.0% and 47.6% on a pro forma basis, in the third quarter and for the first nine months of 1998, respectively, excluding in both 1998 periods the restructuring and related charges and the special income tax charge of $26,000,000 for the assumed repatriation to the U.S. of the accumulated earnings of the Company's foreign subsidiaries that were not considered to be permanently invested in their businesses. These rates are higher than the applicable statutory rates primarily due to the non-deductibility for tax purposes of the goodwill amortization resulting from the Merger and to state income taxes. The Company expects that its effective tax rate will remain higher than statutory rates for 1999.

As a result of the above, the Company recorded net earnings of $53,712,000 for the third quarter of 1999 and $151,518,000 for the first nine months of 1999 compared to a pro forma net loss of $56,798,000 and net earnings of $16,999,000 for the respective 1998 periods. Excluding the restructuring and related charges and the special income tax charge, net earnings on a pro forma basis were $41,036,000 and $115,548,000 for the third quarter and first nine months of 1998, respectively.

Basic and diluted earnings (loss) per common share were $0.43 for the third quarter of 1999 and, on a pro forma basis, ($0.88) for the third quarter of 1998. Basic and diluted earnings (loss) per common share were $1.17 for the first nine months of 1999 and, on a pro forma basis, ($0.43) for the first nine months of 1998. The effect of the conversion of the Company's outstanding convertible preferred stock is not considered in the calculation of diluted earnings per common share because it would be anti-dilutive (i.e., would increase (decrease) earnings per common share for the quarter ended September 30, 1999 and pro forma earnings (loss) per common share for the quarter ended September 30, 1998 to $0.47 and ($0.49), respectively, and for the nine months ended September 30, 1999 and pro forma earnings per common share for the nine months ended September 30, 1998 to $1.31 and $0.15, respectively).

Basic and diluted earnings per common share were $0.29 for the third quarter of 1998, excluding the restructuring and related charges and a special income tax charge. For the 1998 periods, the effect of the conversion of the Company's outstanding convertible preferred stock is not considered in the calculation of diluted earnings per common share because it would be anti-dilutive (i.e., would increase earnings per common share for the quarter ended September 30, 1998, on a pro forma basis, to $0.36 and pro forma earnings per common share for the nine months ended September 30, 1998 to $1.00, excluding the restructuring and related charges and a special income tax charge).

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash flows from operations and amounts available under the Company's existing lines of credit, including principally the Credit Agreements mentioned above. In connection with the Reorganization, most of the Company's net cash at March 31, 1998 (other than $51,259,000 of cash recorded on the balance sheet of old Sealed Air immediately before the Merger) was transferred to New Grace.

Net cash provided by operating activities amounted to $310,719,000 and $276,466,000 in the first nine months of 1999 and 1998, respectively. The increase in operating cash flows for the first nine months of 1999 was primarily due to the inclusion of the operations of old Sealed Air for the full nine month period and increased net earnings. This increase was partially offset by the absence in the 1999 period of the non-cash portion of the restructuring and related charges, the timing of cash payments related to the restructuring and related charges, and changes in operating assets and liabilities in the ordinary course of business.

Net cash used in investing activities amounted to $59,204,000 in the first nine months of 1999 compared to $4,451,000 in the 1998 period. The change in the first nine months of 1999 compared to the 1998 period was primarily due to the cash acquired from old Sealed Air in the Merger in 1998 and the use of $10,430,000 of cash to make various small acquisitions in 1999. Capital expenditures were $51,145,000 in the 1999 period and $55,866,000 in the 1998 period.

Net cash used in financing activities amounted to $220,910,000 in the first nine months of 1999 and $232,470,000 in the first nine months of 1998. After giving effect to the net proceeds of the issuance of the Senior Notes and the Euro Notes discussed below and additional short-term borrowings, the net cash used in financing activities in the first nine months of 1999 was used primarily to repay outstanding debt, principally under the Credit Agreements, to pay dividends on the Company's Series A Preferred Stock, and to purchase treasury stock. In the 1998 period, net cash used in financing activities primarily reflected the proceeds from borrowings under the Credit Agreements, offset by the contribution of funds to New Grace in connection with the Reorganization and the repayment of debt, principally relating to the Credit Agreements, the payment of dividends on the Company's Series A Preferred Stock and the purchase of treasury stock.

At September 30, 1999, the Company had working capital of $195,015,000 or 5% of total assets, compared to working capital of $309,624,000, or 8% of total assets, at December 31, 1998. The decrease in working capital was primarily due to an increase in short-term borrowings, primarily under the Credit Agreements, partially offset by an increase in current assets.

The Company's ratio of current assets to current liabilities (current ratio) was 1.3 at September 30, 1999 and 1.6 at December 31, 1998. The Company's ratio of current assets less inventory to current liabilities (quick ratio) was 0.9 at September 30, 1999 and 1.1 at December 31, 1998. The decrease in these ratios in 1999 was primarily due to the changes in working capital discussed above.

On July 19, 1999, the Company issued euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes in the European market ("Euro Notes") under Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing on July 19, 2000. The net proceeds of euro 198,624,000 (approximately $203 million) were used to reduce outstanding borrowings under the Credit Agreements described below. At September 30, 1999, the outstanding borrowings under the Euro Notes were $208,467,000 net of unamortized bond discount of $1,410,000.

On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes ("Senior Notes") under Rule 144A and Regulation S of the Securities Act. Accrued interest on the Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 1999. The net proceeds of $297,834,000 from the issuance of the Senior Notes were used to reduce outstanding borrowings under the Credit Agreements. At September 30, 1999, the outstanding borrowings under the Senior Notes were $297,891,000 net of unamortized bond discount of $2,109,000.

At September 30, 1999, the Company's outstanding debt consisted primarily of borrowings made under the Credit Agreements, the Senior Notes, the Euro Notes and certain other loans incurred by the Company's subsidiaries. The Company's outstanding debt as of December 31, 1998 primarily included borrowings under the Credit Agreements and certain other loans incurred by the Company's subsidiaries.

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 and a 364-day revolving credit facility that expires on March 27, 2000. During 1999, the Company has voluntarily reduced the amounts available under the Credit Agreements from $1 billion to $650 million under the 5-year revolving credit facility and from $600 million to $475 million under the 364-day revolving credit facility. Borrowings outstanding under the 5-year revolving credit facility are recorded as long-term debt, and borrowings outstanding under the 364-day revolving credit facility are recorded as short-term borrowings. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs, including acquisitions and other capital expenditures. Amounts repaid under the Credit

Agreements may be reborrowed from time to time, up to the maximum $1.125 billion commitment amount under the Credit Agreements.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 5.6% at September 30, 1999 and 5.8% at December 31, 1998. The Company had certain interest rate swap agreements outstanding at December 31, 1998 that had the effect of fixing the interest rates on a portion of such debt. The weighted average interest rate at December 31, 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings, and impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, mergers and acquisitions, and certain dispositions of property and assets. The Company was in compliance with these requirements as of September 30, 1999.

The Senior Notes and Euro Notes also impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, merger or consolidation of the Company and disposition of substantially all of the Company's assets. In addition, the Senior Notes include restrictions on sale-leaseback transactions. The Company was in compliance with these requirements as of September 30, 1999.

At September 30, 1999, the Company had available lines of credit, including those available under the Credit Agreements, of approximately $1.4 billion of which approximately $1.0 billion were unused.

The Company's shareholders' equity was $497,819,000 at September 30, 1999 compared to $437,045,000 at December 31, 1998. Shareholders' equity increased in 1999 due to the Company's net earnings of $151,518,000, which were partially offset by the payment of the preferred stock dividends of $53,700,000 and by an additional foreign currency translation adjustment of $50,682,000.

Other Matters

Quantitative and Qualitative Disclosures about Market Risk

For a discussion of market risks at December 31, 1998, refer to Item 7A of the Company's Form 10-K for the year ended December 31, 1998.

Interest Rates

The Company uses interest rate swaps to reduce exposure to fluctuations in interest rates by fixing the rate of interest the Company pays on a portion of the Company's debt. Interest rate collars are used to reduce the Company's exposure to fluctuations in the rate of interest by limiting interest rates to a given range. At September 30, 1999, the Company had an interest rate collar agreement, maturing in June 2001, with a notional amount of approximately $8,000,000 compared with a notional amount of $265,000,000 at December 31, 1998, which included interest rate swap and collar agreements. On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes. The net proceeds of $297,834,000 were used to reduce outstanding borrowings under the Credit Agreements. On July 19, 1999, the Company issued euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes in the European market. The net proceeds of euro 198,624,000 (approximately $203 million) were used to reduce outstanding borrowings under the Credit Agreements.

Foreign Exchange Contracts

The Company uses interest rate and currency swaps to limit foreign exchange exposure and limit or adjust interest rate exposure by swapping certain borrowings in U.S. dollars for borrowings denominated in foreign currencies. At September 30, 1999 the Company had interest rate and currency swap agreements, maturing through March 2002, with an aggregate notional amount of approximately $5,000,000.

The Company uses foreign currency forwards to fix the amount payable on certain transactions denominated in foreign currencies. At September 30, 1999 the Company had foreign currency forward contracts, maturing at various dates through October 1999, with an aggregate notional amount of approximately $6,000,000.

Environmental Matters
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The Company is subject to loss contingencies resulting from environmental laws and regulations, and it accrues for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals do not take into account any discounting for the time value of money and are not reduced by potential insurance recoveries, if any. Environmental liabilities are reassessed whenever circumstances become better defined and/or remediation efforts and their costs can be better estimated. These liabilities are evaluated periodically based on available information, including the progress of remedial investigations at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) and/or new sites are assessed and costs can be

reasonably estimated, the Company adjusts the recorded accruals, as necessary. However, the Company believes that it has adequately reserved for all probable and estimable environmental exposures.

Year 2000 Computer System Compliance

The Company has substantially completed addressing its Year 2000 issues. Year 2000 issues arise from computer programs that utilize only the last two digits of a year to define a particular year rather than the complete four-digit year. As a result, certain computer programs may not properly process certain dates, particularly those that fall into the year 2000 or subsequent years. Year 2000 issues affect both computer-based information systems and systems with embedded microcontrollers or microcomputers.

In addressing these issues, the Company has considered the following four areas: (a) computer-based information technology systems, (b) other systems not directly involving information technology, including embedded systems, (c) packaging and dispensing equipment used by the Company's customers, and (d) Year 2000 readiness of the Company's key suppliers and customers. The Company's action plan for dealing with these issues consists of the following four phases: (1) identifying the potentially affected items, (2) assessing the effect of Year 2000 issues on these items, (3) remediating the deficiencies of these items with updates, repairs or replacements, and (4) testing these items.

State of Readiness

The Company has examined the hardware and software of its computer-based information technology systems, including mainline systems, personal computers and telephone systems. The Company has also examined other devices incorporating electronic microchips that might fail as a result of the Year 2000 issue. These include security and control systems in Company facilities and programmable logic controllers and microcomputers embedded into production and other equipment in the Company's plants and warehouses. The Company has finished the identification and assessment phases of its Year 2000 action plan in these two areas. The Company has also substantially completed the remediation and testing phases of the plan for these areas. The Company continues to test new equipment and software before placing it into service.

The Company has examined certain packaging and dispensing equipment that it has sold or leased to customers in order to identify Year 2000 issues. This equipment often incorporates microprocessors as controllers. The Company believes that no further remediation is necessary for these devices.

The Company has completed a Year 2000 issue survey of key suppliers. Remedial action is being requested as required. The Company has also contacted certain customers to assess their overall Year 2000 readiness.

Costs

The Company estimates that the total costs to address the Company's Year 2000 issues will be approximately $6 million. No significant information technology projects have been deferred by the Company due to Year 2000 issues.

Risks

While the Company believes that it is taking all steps reasonably necessary to assure its ability to conduct business and to safeguard its assets during the period affected by Year 2000 issues, risks cannot in every case be eliminated. Transportation companies, utilities and other key suppliers may disrupt one or more of the Company's operations if they are unable to conduct business during this period. Significant disruptions caused by Year 2000 issues in the industries which the Company serves could impact its operations. Year 2000 issues in other industries could have a ripple effect on the Company's business.

If the Company is unable to complete its remediation efforts satisfactorily, substantial business interruptions may occur in its operations. These could include disruptions to manufacturing operations, logistics, invoicing, collections and vendor payments. The Company's efforts described herein are expected to reduce the Company's uncertainty about Year 2000 issues. The Company believes that its efforts to date in this regard have contributed to reducing the risk of significant interruptions of its operations.

Contingency Plans

The Company has certain contingency measures in place, including in some cases dual utility services, backup power equipment, backup data centers, manual backup procedures and alternate suppliers. The Company has developed a Year 2000 contingency plan to implement additional protection measures. The Company is in the process of implementing this plan on a timely basis.

Euro Conversion

On January 1, 1999, eleven of the fifteen members of the European Union (the "participating countries") established fixed conversion rates between their existing currencies (the "legacy currencies") and introduced the euro, a single common non-cash currency. The euro is now traded on currency exchanges and is being used in business transactions.

At the beginning of 2002, new euro-denominated bills and coins will be issued to replace the legacy currencies, and the legacy currencies will be withdrawn from circulation. By 2002, all companies operating in the participating countries are required to restate their statutory accounting data into euros as their base currency.

In 1998, the Company established plans to address the systems and business issues raised by the euro currency conversion. These issues include, among others, (1) the need to adapt computer, accounting and other business systems and equipment to accommodate euro-denominated transactions, (2) the need to modify banking and cash management systems in order to be able to handle payments between customers and suppliers in legacy currencies and euros between 1999 and 2002, (3) the requirement to change the base statutory and reporting currency of each subsidiary in the participating countries into euros during the transition period, (4) the foreign currency exposure changes resulting from the alignment of the legacy currencies into the euro, and (5) the identification of material contracts and sales agreements whose contractual stated currency will need to be converted into euros.

The Company believes that it will be euro compliant by January 1, 2002. The Company has implemented plans to accommodate euro-denominated transactions and to handle euro payments with third party customers and suppliers in the participating countries. The Company plans to meet the requirement to convert statutory and reporting currencies to the euro by acquiring and installing new financial software systems. If there are delays in such installation, the Company plans to pursue alternate means to convert statutory and reporting currencies to the euro by 2002. The Company expects that its foreign currency exposures will be reduced as a result of the alignment of legacy currencies, and the Company believes that all material contracts and sales agreements requiring conversion will be converted to euros prior to January 1, 2002.

Although additional costs are expected to result from the implementation of the Company's plans, the Company also expects to achieve benefits in its treasury and procurement areas as a result of the elimination of the legacy currencies. Since the Company has operations in each of its business segments in the participating countries, each of its business segments will be affected by the conversion process. However, the Company expects that the total impact of all strategic and operational issues related to the euro conversion and the cost of implementing its plans for the euro conversion will not have a material adverse impact on its consolidated financial condition or results of operations.

Recently Issued Statements of Financial Accounting Standards

In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective date of FASB Statement No. 133." This Statement defers the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement, which the Company expects to adopt beginning January 1, 2001, establishes accounting and operating standards for hedging activities and derivative instruments, including certain derivative instruments embedded in other contracts. The Company is reviewing the potential impact, if any, of SFAS No. 133 on its Consolidated Financial Statements.

Forward-Looking Statements

Certain statements made by the Company in this Form 10-Q and in future oral and written statements by management of the Company may be forward-looking. These statements include comments as to the Company's beliefs and expectations as to future events and trends affecting the Company's business, its results of operations and its financial condition. These forward-looking statements are based upon management's current expectations concerning future events and discuss, among other things, anticipated future performance and future business plans. Forward-looking statements are identified by such words and phrases as "expects," "intends," "believes," "will continue," "plans to," "could be" and similar expressions. Forward-looking statements are necessarily subject to uncertainties, many of which are outside the control of the Company, that could cause actual results to differ materially from such statements.

While the Company is not aware that any of the factors listed below will adversely affect the future performance of the Company, the Company recognizes that it is subject to a number of uncertainties, such as business and market conditions in Asia, Latin America and other geographic areas around the world, changes in the value of foreign currencies against the U.S. dollar, the ability of the Company to complete integration and restructuring activities relating to the merger of old Sealed Air and Cryovac and the success of those efforts as well as certain information systems projects, general economic, business and market conditions, conditions in the industries and markets that use the Company's packaging materials and systems, the development and success of new products, the Company's success in entering new markets, competitive factors, raw material availability and pricing, changes in the Company's relationship with customers and suppliers, future litigation and claims (including environmental matters) involving the Company, changes in domestic or foreign laws or regulations, or difficulties related to the Year 2000 issue or the euro conversion.

PART II

OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

(b) On July 19, 1999, the Company issued euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes ("Euro Notes") under Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing on July 19, 2000. The net proceeds of euro 198,624,000 (approximately $203 million) from the issuance of the Euro Notes were used to reduce outstanding borrowings under the credit agreements described under Liquidity and Capital Resources in the Management's Discussion and Analysis of Results of Operations and Financial Condition in Part I of this Form 10-Q. The Euro Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, merger or consolidation of the Company and disposition of substantially all of the Company's assets. The Company was in compliance with these requirements as of September 30, 1999.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit Number	Description
27	Financial Data Schedule

(b) Reports on Form 8-K

The Company filed the following Report on Form 8-K during the third quarter of 1999:

Date of Report	Disclosures
July 19, 1999	Offering of euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes due 2006 pursuant to Regulation S under the Securities Act.

Signatures

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

SEALED AIR CORPORATION

Date: November 12, 1999

By s/Jeffrey S. Warren

Jeffrey S. Warren
Controller
(Authorized Executive Officer
and Chief Accounting Officer)

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The schedule contains summary information extracted from the consolidated statement of earnings for the nine months ended September 30, 1999 and the consolidated balance sheet at September 30, 1999 and is qualified in its entirety by reference to such financial statements.

9-MOS
DEC-31-1999
SEP-30-1999
74,403,000
0
465,351,000
20,639,000
263,415,000
873,480,000
1,934,482,000
903,782,000
3,956,246,000
678,465,000
701,214,000
1,787,938,000
0
8,405,000
489,414,000
3,956,246,000
2,088,813,000
2,088,813,000
1,332,331,000
1,332,331,000
428,164,000
0
44,088,000
284,031,000
132,513,000
151,518,000
0
0
0
151,518,000
1.17
1.17