UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

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)
200 Riverfront Boulevard **Elmwood Park, New Jersey**	**07407-1033**
(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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

There were 194,513,709 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of October 31, 2012.

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Cautionary Notice Regarding Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. The SEC encourages companies to disclose forward-looking statements so that investors can better understand a company’s future prospects and make informed investment decisions. Some of our statements in this report, in documents incorporated by reference into this report and in our future oral and written statements may be forward-looking. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial condition and results of operations. These forward-looking statements are based upon our current expectations concerning future events and discuss, among other things, anticipated future financial performance and future business plans. Forward-looking statements are necessarily subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Forward-looking statements can be identified by such words as “anticipates,” “believes,” “plan,” “assumes,” “could,” “should,” “estimates,” “expects,” “intends,” “potential,” “seek,” “predict,” “may,” “will” and similar expressions. Examples of these forward-looking statements include projections regarding our 2012 guidance and other projections relating to our financial performance such as those in the “Components of Change in Net Sales” and “Cost of Sales” sections in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the implementation of our Settlement agreement (as defined in Note 15, “Commitments and Contingencies”) regarding the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against the Company arising from a 1998 transaction with W. R. Grace & Co.; global economic conditions; changes in our credit ratings; changes in raw material pricing and availability; changes in energy costs; competitive conditions; currency translation and devaluation effects, including in Venezuela; the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts; the effects of animal and food-related health issues; pandemics; consumer preferences; environmental matters; regulatory actions and legal matters; successful integration of Diversey and the other information referenced below in Part II, Item 1A, “Risk Factors.” Except as required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales:				
Food Packaging	$ 509.8	$ 529.8	$ 1,497.7	$ 1,506.6
Food Solutions	254.4	265.5	739.7	756.2
Protective Packaging	344.0	361.2	1,034.2	1,049.8
Diversey	698.5	—	2,113.6	—
Other	93.6	90.6	285.1	275.6
Total net sales	1,900.3	1,247.1	5,670.3	3,588.2
Cost of sales	1,256.7	911.4	3,777.3	2,619.2
Gross profit	643.6	335.7	1,893.0	969.0
Marketing, administrative and development expenses	429.2	179.4	1,343.8	549.0
Amortization of intangible assets	33.0	2.5	99.5	7.5
Impairment of goodwill and other intangible assets	1,334.3	—	1,334.3	—
Costs related to the acquisition of Diversey	1.3	24.1	4.8	30.7
Restructuring and other charges	36.8	(0.2)	110.1	(0.2)
Operating (loss) profit	(1,191.0)	129.9	(999.5)	382.0
Interest expense	(96.5)	(36.6)	(291.2)	(110.5)
Impairment of equity method investment	—	—	(23.5)	—
Other income (expense), net	1.2	6.8	(8.5)	0.7
(Loss) earnings from continuing operations before income tax provision	(1,286.3)	100.1	(1,322.7)	272.2
Income tax (benefit) provision	(48.0)	26.4	(55.4)	73.8
Net (loss) earnings from continuing operations	(1,238.3)	73.7	(1,267.3)	198.4
Net earnings from discontinued operations, net of tax	5.9	—	15.3	—
Net (loss) earnings available to common stockholders	$ (1,232.4)	$ 73.7	$ (1,252.0)	$ 198.4
Net (loss) earnings per common share:				
Basic				
Continuing operations	$ (6.41)	$ 0.46	$ (6.58)	$ 1.24
Discontinued operations	0.03	—	0.08	—
Net (loss) earnings per common share—basic	$ (6.38)	$ 0.46	$ (6.50)	$ 1.24
Diluted				
Continuing operations	$ (6.41)	$ 0.41	$ (6.58)	$ 1.11
Discontinued operations	0.03	—	0.08	—
Net (loss) earnings per common share—diluted	$ (6.38)	$ 0.41	$ (6.50)	$ 1.11
Dividends per common share	$ 0.13	$ 0.13	$ 0.39	$ 0.39
Weighted average number of common shares outstanding:				
Basic	193.2	159.3	192.7	159.1
Diluted	193.2	177.9	192.7	177.5

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited)

(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net (loss) earnings available to common stockholders	$(1,232.4)	$ 73.7	$(1,252.0)	$ 198.4
Other comprehensive (loss) income, net of income taxes:				
Recognition of deferred pension items, net of taxes of $0.3 for the three months ended September 30, 2011, $2.1 for the nine months ended September 30, 2012 and $1.0 for the nine months ended September 30, 2011	(0.2)	2.1	2.9	4.2
Unrealized gains (losses) on derivative instruments, net of taxes of $0.1 for the three months ended September 30, 2011, $0.1 for the nine months ended September 30, 2012 and $0.3 for the nine months ended September 30, 2011	0.4	(0.1)	0.2	(0.4)
Foreign currency translation adjustments	90.4	(97.9)	48.7	(12.8)
Comprehensive (loss) income, net of income taxes	$(1,141.8)	$ (22.2)	$(1,200.2)	$ 189.4

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 540.8	$ 703.6
Receivables, net of allowance for doubtful accounts of $23.3 in 2012 and $16.2 in 2011	1,354.5	1,314.2
Inventories	861.0	777.5
Deferred tax assets	362.4	156.2
Assets held for sale	264.1	279.0
Prepaid expenses and other current assets	99.1	119.7
Total current assets	3,481.9	3,350.2
Property and equipment, net	1,233.9	1,269.2
Goodwill	3,117.4	4,209.6
Intangible assets, net	1,772.4	2,035.7
Non-current deferred tax assets	118.5	112.3
Other assets, net	453.6	455.0
Total assets	$ 10,177.7	$ 11,432.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 49.0	$ 34.5
Current portion of long-term debt	402.0	1.9
Accounts payable	545.9	554.9
Deferred tax liabilities	17.1	16.0
Settlement agreement and related accrued interest	865.5	831.2
Accrued restructuring costs	73.0	36.3
Liabilities held for sale	198.5	216.7
Other current liabilities	764.8	814.7
Total current liabilities	2,915.8	2,506.2
Long-term debt, less current portion	4,486.3	4.966.7
Non-current deferred tax liabilities	528.3	439.7
Other liabilities	546.8	567.0
Total liabilities	8,477.2	8,479.6
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2012 and 2011	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 204,493,191 in 2012 and 202,528,616 in 2011; shares outstanding; 194,422,170 in 2012 and 192,062,185 in 2011	20.5	20.3
Common stock reserved for issuance related to Settlement agreement, $0.10 par value per share, 18,000,000 shares in 2012 and 2011	1.8	1.8
Additional paid-in capital	1,685.6	1,689.6
Retained earnings	438.4	1,766.5
Common stock in treasury, 10,071,021 in 2012 and 10,466,431 in 2011	(353.1)	(375.6)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(40.3)	(43.2)
Cumulative translation adjustment	(55.3)	(104.0)
Unrealized gain on derivative instruments	2.3	2.1
Total accumulated other comprehensive loss, net of taxes	(93.3)	(145.1)
Total parent company stockholders' equity	1,699.9	2,957.5
Noncontrolling interests	0.6	(5.1)
Total stockholders' equity	1,700.5	2,952.4
Total liabilities and stockholders' equity	$ 10,177.7	$ 11,432.0

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities from continuing operations:		
Net (loss) earnings available to common stockholders	$ (1,267.3)	$ 198.4
Adjustments to reconcile net (loss) earnings to net cash (used in) provided by operating activities from continuing operations:		
Impairment of goodwill and other intangible assets	1,334.3	—
Depreciation and amortization	230.9	109.6
Share-based incentive compensation and profit sharing expense	31.6	31.7
Costs related to the acquisition of Diversey	4.8	30.7
Gains from foreign currency forward contracts related to the closing of the acquisition of Diversey	—	(6.3)
Amortization of senior debt related items and other	14.6	0.5
Impairment of equity method investment	25.8	—
Provisions for (recovery of) bad debt	12.6	(1.3)
Provisions for inventory obsolescence	10.4	8.8
Deferred taxes, net	(119.8)	(10.9)
Excess tax benefit from share-based incentive compensation	(0.8)	(2.8)
Net gain on disposals of property and equipment and other	(0.9)	(2.4)
Changes in operating assets and liabilities:		
Receivables, net	(62.9)	(21.9)
Inventories	(89.0)	(90.9)
Other assets, net	(34.1)	(9.2)
Accounts payable	(17.4)	10.9
Other liabilities	(8.1)	32.1
Net cash provided by operating activities from continuing operations	64.7	277.0
Cash flows from investing activities from continuing operations:		
Capital expenditures for property and equipment	(97.8)	(78.1)
Businesses acquired in purchase transactions, net of cash and cash equivalents acquired	(2.6)	—
Proceeds from sales of property and equipment	1.4	5.0
Other investing activities	1.9	1.7
Net cash used in investing activities from continuing operations	(97.1)	(71.4)
Cash flows from financing activities from continuing operations:		
Proceeds from long-term debt	18.5	1.4
Excess tax benefit from share-based incentive compensation	0.8	2.8
Payments of long-term debt	(88.6)	(6.2)
Payments of debt issuance costs	—	(5.3)
Acquisition of common stock for tax withholding obligations under our 2005 contingent stock plan	(9.4)	(12.8)
Net payments of short term borrowings	—	(0.9)
Dividends paid on common stock	(75.7)	(62.4)
Other financing payments	(1.7)	(1.0)
Net cash used in financing activities from continuing operations	(156.1)	(84.4)
Effect of foreign currency exchange rate changes on cash and cash equivalents	13.7	3.5
Net change in cash and cash equivalents from continuing operations	(174.8)	124.7
Net cash provided by operating activities from discontinued operations	16.0	—
Net cash used in investing activities from discontinued operations	(0.8)	—
Net cash used in financing activities from discontinued operations	(3.2)	—
Net change in cash and cash equivalents from discontinued operations	12.0	—
Cash and cash equivalents:		
Balance, beginning of period	$ 703.6	$ 675.6
Net change during the period	(162.8)	124.7
Balance, end of period	$ 540.8	$ 800.3
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$ 278.2	$ 89.2
Income tax payments	$ 92.4	$ 73.2
Non-cash items:		
Transfers of shares of our common stock from treasury as part of our 2011 profit-sharing plan contribution	$ 18.6	$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(Amounts in tables are in millions, except per share data)

(1) Organization and Basis of Presentation

Organization

We are a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, health care and industrial, commercial and consumer applications. We have widely recognized and inventive brands such as Bubble Wrap® brand cushioning, Cryovac® brand food packaging solutions and, as a result of our acquisition of Diversey Holdings, Inc. and its subsidiaries ("Diversey") on October 3, 2011, Diversey® brand cleaning and hygiene solutions.

Throughout this report, when we refer to "Sealed Air," the "Company," "we," "our," or "us," we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise.

We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc. We historically have conducted our operations through the following four business segments: Food Packaging, Food Solutions, Protective Packaging, Diversey and an "Other" category. See Note 5, "Segments."

Basis of Presentation

Our condensed consolidated financial statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our condensed consolidated balance sheet as of September 30, 2012 and our condensed consolidated statements of operations for the three and nine months ended September 30, 2012 and 2011 have been made. The results set forth in our condensed consolidated statements of operations for the three and nine months ended September 30, 2012 and in our condensed consolidated statements of cash flows for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year. All amounts are in millions, except per share amounts, and approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, had no impact on our consolidated financial condition, results of operations and cash flows.

The condensed consolidated financial statements and information included in this Quarterly Report on Form 10-Q ("Form 10-Q") include the financial results of Diversey for the period beginning January 1, 2012 through September 30, 2012 and as of December 31, 2011. The financial results included in this Form 10-Q related to the acquisition method accounting for the Diversey transaction have been finalized. See Note 4, "Acquisition of Diversey Holdings, Inc.," for further information about the acquisition.

During the period between when we reported our quarterly earnings on November 2, 2012 and the filing date of this quarterly report on Form 10-Q on November 9, 2012, we revised our estimate of impairment of goodwill and other intangible assets related to our Diversey segment from $1,223.5 million ($1,194.6 million, net of taxes) to $1,334.3 million ($1,261.5 million, net of taxes) primarily due to an increase in the estimated impairment related to the Diversey trademark. See Note 8, "Goodwill and Other Identifiable Intangible Assets," for further details of this impairment charge.

On October 30, 2012, we signed a definitive agreement to sell our Diversey operations in Japan. As a result, the operating results for Diversey Japan were reclassified to net earnings from discontinued operations, net of tax on the condensed consolidated statements of operations for the three months and nine months ended September 30, 2012, and the assets and liabilities of the Diversey Japan operations were reclassified to assets and liabilities held for sale as of September 30, 2012 and December 31, 2011. See Note 3, "Divestiture".

Our condensed consolidated financial statements were prepared in accordance with the interim reporting requirements of the Securities and Exchange Commission, or the SEC. As permitted under those rules, annual footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America, or U.S. GAAP, have been condensed or omitted. The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

We are responsible for the unaudited condensed consolidated financial statements and notes included in this report. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and with the information contained in other publicly-available filings with the SEC.

During the three months ended March 31, 2012, we identified a misclassification in our December 31, 2011 consolidated balance sheet included in our 2011 Annual Report on Form 10-K. This misclassification, which has been corrected on our December 31, 2011 consolidated balance sheet included in this Form 10-Q, decreased our current deferred tax assets and non-current deferred tax liabilities by $65 million, decreasing our current deferred tax assets from $230 million to $165 million and decreasing our non-current deferred tax liabilities from $532 million to $467 million. These amounts have not been adjusted to reflect the divesture of Diversey Japan. This misclassification had no impact on our net deferred tax liability balance at December 31, 2011 and it did not impact our consolidated statements of operations or cash flows. Accordingly, we do not consider this correction to be material to our consolidated financial condition or results of operations.

(2) Recently Issued Accounting Standards

Unless necessary to clarify a point to readers, we will refrain from citing specific topic and section references when addressing new or pending accounting standard changes or discussing application of U.S. GAAP in this Form 10-Q.

Adopted in 2012

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04. The amendments in this ASU generally represent clarifications of fair value measurement, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements. On January 1, 2012, we adopted these amendments on a prospective basis and there was no impact on our consolidated financial condition or results of operations.

In September 2011, the FASB issued authoritative guidance on the presentation of comprehensive income that became effective for us beginning January 1, 2012. This standard eliminates the option to report other comprehensive income and its components in the statement of changes in equity. The adoption of this guidance did not impact our consolidated financial condition and results of operations.

In September 2011, the FASB issued authoritative guidance on testing goodwill for impairment that became effective for us beginning January 1, 2012. The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The adoption of this guidance did not impact our consolidated financial condition or results of operations.

Pending Adoption

In October 2012, the FASB issued ASU 2012-04, Technical Corrections and Improvement, which makes certain technical corrections (i.e., relatively minor corrections and clarifications) and “conforming fair value amendments”. The amendments affect various codification topics and apply to all reporting entities within the scope of those topics. This standard becomes effective for us upon issuance, except for amendments that are subject to transition guidance, which will be effective for fiscal periods beginning after December 15, 2012. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. This standard, which amends the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment, provides companies with the option to first perform a qualitative assessment before performing the two-step quantitative impairment test. If the company determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is more likely than not to exceed its carrying amount, then the company would not need to perform the two-step quantitative impairment test. This standard does not revise the requirement to test indefinite-lived intangible assets annually for impairment. This standard becomes effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption allowed. We do not expect the adoption of this standard will have a material effect on our consolidated financial condition or results of operations.

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities, which creates new disclosure requirements about the nature of an entity’s rights of offset and related arrangements associated with its financial instruments and derivative instruments. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. The new disclosures are designed to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. We are currently evaluating the impact of ASU 2011-11 on our condensed consolidated financial statements.

(3) Divestiture

On October 30, 2012, we signed a definitive agreement to sell our Diversey operations in Japan for gross proceeds of USD equivalent $377 million, subject to customary closing conditions. The transaction is expected to be completed in the fourth quarter of 2012. The transaction is expected to generate approximately $300 million in net cash, on an after tax basis. We intend to use the cash generated from this transaction to prepay a portion of our outstanding debt. We expect to record a pre-tax gain on the sale of approximately $260 million.

We have classified the operating results from this business, together with certain costs related to the divestiture transaction, as discontinued operations, net of tax, in the condensed consolidated statements of operations for the three and nine months ended September 30, 2012. This business was acquired as part of the acquisition of Diversey on October 3, 2011 and therefore no restatement of the condensed consolidated statements of operations for the three and nine months ended September 30, 2011 is necessary. See Note 4, “Acquisition of Diversey Holdings, Inc.” Assets and liabilities of this business are classified as “held for sale” in the condensed consolidated balance sheets as of September 30, 2012 and December 31, 2011.

Summary operating results for this discontinued operation were as follows:

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Net sales	$ 78.9	$ 230.8
Operating profit	$ 9.8	$ 25.9
Earnings before income tax provision	$ 9.6	$ 25.0
Income tax provision	$ 3.7	$ 9.7
Net earnings from discontinued operations, net of tax	$ 5.9	$ 15.3

We do not consider the results of the Diversey Japan to be material to our condensed consolidated financial statements.

The carrying value of the major classes of assets and liabilities for these discontinued operations were as follows:

	September 30, 2012	December 31, 2011
Assets:		
Cash and cash equivalents	$ 12.1	$ 19.2
Receivables, net	61.0	68.8
Inventories	25.6	20.6
Deferred tax assets	9.4	9.3
Prepaid expenses and other current assets	2.8	8.8
Property and equipment, net	51.7	52.9
Goodwill	11.0	10.9
Intangible assets, net	66.8	69.4
Non-current deferred tax assets	20.1	17.0
Other assets, net	3.6	2.1
Assets held for sale	$ 264.1	$ 279.0
Liabilities:		
Accounts payable	$ 59.7	$ 64.1
Other current liabilities	20.7	29.9
Long-term debt, less current portion	41.0	44.2
Non-current deferred tax liabilities	30.3	27.6
Other liabilities	46.8	50.9
Liabilities held for sale	$ 198.5	$ 216.7

In connection with the sale, the Company will enter into several agreements. While those agreements are expected to generate future revenues and cash flows for the Company, the estimated amounts and the Company's continuing involvement in Diversey operations in Japan are not expected to be significant to the Company as a whole.

(4) Acquisition of Diversey Holdings, Inc.

Description of Transaction

On October 3, 2011, we completed the acquisition of 100% of the outstanding stock of Diversey. Under the terms of the acquisition agreement, we paid in aggregate $2.1 billion in cash consideration and an aggregate of approximately 31.7 million shares of Sealed Air common stock to the shareholders of Diversey. We financed the payment of the cash consideration and related fees and expenses through (a) borrowings under our new Credit Facility, (b) proceeds from our issuance of the Notes and (c) cash on hand. In connection with the acquisition, we also used our new borrowings and cash on hand to retire $1.6 billion of existing indebtedness of Diversey. The new Credit Facility and Notes are described in Note 11, "Debt and Credit Facilities."

We acquired Diversey to position us to capture growth opportunities by developing end-to-end service-based solutions for the food processing and food service industries, to leverage combined research and development investments to develop broader growth initiatives in the food processing and food service industries and to improve access to under-developed markets and increase access to developing regions.

Summary Unaudited Pro Forma Financial Information

The following table presents unaudited supplemental pro forma financial information as if the acquisition of Diversey had occurred on January 1, 2010 for the periods presented below. The pro forma results provided below have been revised to reflect the discontinued operations of the Diversey Japan business and the impact of this revision was not material to the results included below.

	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
Net sales	$ 1,993.4	$ 5,820.9
Operating profit	$ 182.6	$ 507.8
Net earnings from continuing operations	$ 63.9	$ 138.7
Weighted average number of common shares outstanding:		
Basic	191.0	190.8
Diluted	209.6	209.2
Net earnings per common share:		
Basic	$ 0.33	$ 0.73
Diluted	$ 0.30	$ 0.66

There were no material non-recurring pro forma adjustments.

(5) Segments

The following table shows net sales, depreciation and amortization and operating profit by our segment reporting structure:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales				
Food Packaging	$ 509.8	$ 529.8	$ 1,497.7	$ 1,506.6
Food Solutions	254.4	265.5	739.7	756.2
Protective Packaging	344.0	361.2	1,034.2	1,049.8
Diversey	698.5	—	2,113.6	—
Other	93.6	90.6	285.1	275.6
Total	$ 1,900.3	$ 1,247.1	$ 5,670.3	$ 3,588.2
Depreciation and amortization on property, plant and equipment and intangible assets				
Food Packaging	$ 16.3	$ 17.0	$ 53.6	$ 50.2
Food Solutions	8.4	8.2	24.2	23.9
Protective Packaging	6.1	6.4	17.8	19.8
Diversey	38.1	—	118.5	—
Other	6.5	5.1	16.8	15.7
Total	$ 75.4	$ 36.7	$ 230.9	$ 109.6
Operating profit—continuing operations				
Food Packaging	$ 68.5	$ 75.4	$ 174.8	$ 200.3
Food Solutions	31.9	29.4	84.7	74.0
Protective Packaging	48.5	48.5	137.8	134.8
Diversey	29.6	—	42.8	—
Other	2.9	0.5	9.6	3.4
Total segments and other	181.4	153.8	449.7	412.5
Impairment of Diversey goodwill and other intangible assets	1,334.3	—	1,334.3	—
Costs related to the acquisition of Diversey	1.3	24.1	4.8	30.7
Restructuring and other charges (1)	36.8	(0.2)	110.1	(0.2)
Operating (loss) profit	$ (1,191.0)	$ 129.9	$ (999.5)	$ 382.0

(1) Restructuring and other charges by our segment reporting structure were as follows:

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Food Packaging	$ 6.0	$ 33.5
Food Solutions	0.9	6.7
Protective Packaging	1.5	8.1
Diversey	26.1	56.2
Other	2.3	5.6
Total	$ 36.8	$ 110.1

The restructuring and other charges in 2012 primarily relate to the 2011-2014 Integration and Optimization Program. See Note 10, "Restructuring Activities."

Assets by Reportable Segments

The following table shows assets allocated by our segment reporting structure. Only assets identifiable by segment and reviewed by our chief operating decision maker by segment are allocated to the reportable segment assets. These assets are trade receivables, net, and finished goods inventories, net. All other assets are included in "Assets not allocated."

	September 30, 2012	December 31, 2011
Assets:		
Trade receivables, net, and finished goods inventory, net		
Food Packaging	$ 443.6	$ 420.4
Food Solutions	204.6	210.1
Protective Packaging	322.4	307.8
Diversey	820.3	758.3
Other	70.5	64.5
Total segments and other	$ 1,861.4	$ 1,761.1
Assets not allocated		
Cash and cash equivalents	540.8	703.6
Property and equipment, net	1,233.9	1,269.2
Goodwill	3,117.4	4,209.6
Intangibles, net	1,772.4	2,035.7
Assets held for sale	264.1	279.0
Other	1,387.7	1,173.8
Total	$ 10,177.7	$ 11,432.0

Allocation of Goodwill to Reportable Segments

Our management views goodwill as a corporate asset, so we do not allocate our goodwill balance to the reportable segments. However, we are required to allocate goodwill to each reporting unit to perform our annual impairment review of goodwill, which we do during the fourth quarter of the year. See Note 8, "Goodwill and Identifiable Intangible Assets," for the allocation of goodwill and the changes in goodwill balances in the nine months ended September 30, 2012 by our reporting unit structure.

New Segment Structure

In November 2011, we announced our plans to establish new business units for our segment reporting structure. The new segment reporting structure will consist of three global business units: (1) Food & Beverage, (2) Institutional & Laundry and (3) Protective Packaging. There will also be an "Other" category, which will include our legacy Medical Applications business and New Ventures. This new structure is being implemented for the fourth quarter of 2012 and will replace our existing seven business unit structure and Diversey's legacy four region-based structure.

(6) Inventories

The following table details our inventories and the reduction of certain inventories to a LIFO basis:

	September 30, 2012	December 31, 2011
Inventories (at FIFO, which approximates replacement value):		
Raw materials	$ 155.0	$ 150.8
Work in process	147.0	121.0
Finished goods	614.2	559.0
Subtotal (at FIFO)	916.2	830.8
Reduction of certain inventories to LIFO basis	(55.2)	(53.3)
Total	$ 861.0	$ 777.5

We determine the value of our legacy Sealed Air non-equipment U.S. inventories by the last-in, first-out or LIFO inventory method. U.S. inventories determined by the LIFO method were $140 million at September 30, 2012 and $121 million at December 31, 2011.

(7) Property and Equipment, net

The following table details our property and equipment, net.

	September 30, 2012	December 31, 2011
Land and improvements	$ 142.0	$ 139.4
Buildings	712.0	702.3
Machinery and equipment	2,509.3	2,460.7
Other property and equipment	146.3	151.6
Construction-in-progress	97.9	103.9
	3,607.5	3,557.9
Accumulated depreciation and amortization	(2,373.6)	(2,288.7)
Property and equipment, net	$ 1,233.9	$ 1,269.2

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment.

	Three Months Ended September 30,		Nine Months Ended September 30	
	2012	2011	2012	2011
Interest cost capitalized	$ 1.6	$ 1.2	$ 3.9	$ 2.9
Depreciation and amortization expense for property and equipment	42.8	34.2	131.1	102.1

(8) Goodwill and Identifiable Intangible Assets

Goodwill

The following table shows our goodwill balances by our segment reporting structure.

	Carrying Value at December 31, 2011	Purchase Price Adjustments	Impact of Foreign Currency Translation	Goodwill Impairment	Carrying Value at September 30, 2012
Food Packaging	$ 391.7	$ —	$ 0.7	$ —	$ 392.4
Food Solutions	147.9	—	0.3	—	148.2
Protective Packaging	1,260.0	—	2.2	—	1,262.2
Diversey	2,252.7	38.2(1)	13.0	(1,145.3)	1,158.6
Other category	157.3	(1.6)	0.3	—	156.0
Total	$ 4,209.6	$ 36.6	$ 16.5	$ (1,145.3)	$ 3,117.4

(1) Represents the purchase accounting adjustments related to the Diversey acquisition primarily reflecting changes in estimates during the measurement period related to certain legal contingencies that existed as of the acquisition date of October 3, 2011. These adjustments are not considered material to the carrying amount of goodwill or the other offsetting balance sheet line items and these adjustments had no impact to our condensed consolidated statement of operations in 2012. Therefore, we did not revise our previously reported consolidated financial statements for these adjustments.

We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The goodwill impairment test involves a two-step process. In the first step, we compare the fair value of each of our reporting units to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, we must perform the second step of the impairment test to measure the amount of impairment loss. In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss.

The reporting units for the legacy Sealed Air business are consistent with the units identified in Note 7 of our 2011 Annual Report. The reporting units for the Diversey segment were defined by the regional geographic businesses previously reported by Diversey before our acquisition of Diversey on October 3, 2011.

During the third quarter of 2012, we determined that sufficient indicators of potential impairment existed to require an interim goodwill impairment analysis for the North America, Europe and Latin America reporting units of our Diversey segment. These indicators included the recent business performance of those reporting units, combined with the long-term market conditions and business trends within those regions.

We estimated the fair value of these three reporting units using a weighting of fair values derived from the income approach and the market approach. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the business and the projected cash flows. The market approach estimates fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit.

Due to the complexity and the effort required to estimate the fair value of the reporting units in step one of the impairment test and to estimate the fair value of all assets and liabilities of the reporting units in the second step of the test, the fair value estimates were derived based on preliminary assumptions and analyses that are subject to change. Based on our preliminary analyses, the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the three reporting units of the Diversey segment. As a result, we recorded our best estimate of $1.1 billion for the goodwill impairment charge in the three months ended September 30, 2012, which is included in impairment of goodwill and other intangible assets in the Condensed consolidated statements of operations. Any adjustments to the estimated impairment loss following the completion of the measurement of the impairment will be recorded in the fourth quarter of 2012.

During the fourth quarter of 2012, we will perform our annual goodwill impairment review for all of our reporting units as of October 1, 2012. If there are changes in our stock price, or significant changes in the business climate or operating results of our reporting units, we may incur additional goodwill impairment charges.

Identifiable Intangible Assets

The following tables summarize our identifiable intangible assets with definite and indefinite useful lives.

	September 30, 2012				December 31, 2011		
	Gross Carrying Value	Accumulated Amortization	Impairment (1)	Net	Gross Carrying Value	Accumulated Amortization	Net
Customer relationships	$ 965.1	$ (92.0)	—	$ 873.1	$ 960.2	$ (36.6)	$ 923.6
Trademarks and trade names	882.3	(0.9)	(189.0)	692.4	882.3	(0.8)	881.5
Technology	242.3	(67.1)	—	175.2	229.9	(33.4)	196.5
Contracts	44.3	(12.6)	—	31.7	40.2	(6.1)	34.1
Total	$ 2,134.0	$ (172.6)	$ (189.0)	$ 1,772.4	$ 2,112.6	$ (76.9)	$ 2,035.7

(1) During the third quarter of 2012, we determined that sufficient indicators also existed to require an interim impairment review of our trademarks and trade names. Based on our preliminary analysis, the fair value of the Diversey trademark was lower than the carrying value. As a result, we recorded an impairment of $189 million ($117 million, net of taxes), which is included in impairment of goodwill and other intangible assets on the condensed consolidated statements of operations in the three and nine months ended September 30, 2012.

These intangible assets include $714 million of intangible assets that we have determined to have indefinite useful lives, which primarily include $692 million of trademarks and trade names acquired in connection with the acquisition of Diversey and $22 million of in-process research and development primarily acquired in an acquisition in 2010.

(9) Accounts Receivable Securitization Program

We and a group of our U.S. subsidiaries maintain an accounts receivable securitization program with two banks and issuers of commercial paper administered by these banks. As of September 30, 2012, the maximum purchase limit for receivable interests was $125 million, subject to the availability limits described below.

The program, originally scheduled to mature in December 2012, was renewed in September 2012, and now matures in September 2013. The amounts available from time to time under the program may be less than $125 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. The amount available to us under the program was $118 million at September 30, 2012. Although we do not believe that these restrictive provisions presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available to us under the program or termination of the program.

As of September 30, 2012 and December 31, 2011, we had no amounts outstanding under this program, and we did not utilize this program during 2012.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above dates. A failure to comply with debt leverage or various other ratios related to our receivables collection experience could result in termination of the receivables program. We were in compliance with these ratios at September 30, 2012 and December 31, 2011.

(10) Restructuring Activities

2011-2014 Integration and Optimization Program

In December 2011, we initiated a restructuring program associated with the integration of Diversey's business following our acquisition of Diversey on October 3, 2011. The program primarily consists of (i) reduction in headcount, (ii) consolidation of facilities, and (iii) supply chain network optimization, and (iv) certain other capital expenditures. This program is expected to be completed by the end of 2014.

The associated costs and related restructuring charges for this program in the three and nine months ended September 30, 2012 are included in the table below.

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012	Cumulative as of September 30, 2012
Associated costs	$ 2.9	$ 10.3	$ 10.3
Restructuring charges	37.5	110.6	162.9
Total	$ 40.4	$ 120.9	$ 173.2

The associated costs included in the table above include asset impairments of $5 million recorded in the three months ended March 31, 2012, which were included in cost of sales on the condensed consolidated statements of operations and in our Food Packaging segment. The asset impairments relate to a planned facility closure in the U.S., which is considered an asset held for sale and is included in other current assets on our condensed consolidated balance sheet as of September 30, 2012.

The restructuring charges included in the table above primarily consisted of termination and benefits costs, including a nominal amount for the three months ended September 30, 2012 and $8 million for the nine months ended September 30, 2012 of cash-settled stock appreciation rights that were previously issued to Diversey employees as a portion of the total consideration for the acquisition of Diversey. See Note 16, "Stockholders' Equity," for further details of these awards. These charges were included in restructuring and other charges on the condensed consolidated statements of operations.

The restructuring accrual, spending and other activity for the nine months ended September 30, 2012 and the accrual balance remaining at September 30, 2012 were as follows:

Restructuring accrual at December 31, 2011	$ 23.7
Additional accrual and accrual adjustments for severance and termination benefits	110.6
Cash payments during 2012	(57.8)
Effect of changes in foreign currency exchange rates	(1.0)
Restructuring accrual at September 30, 2012	$ 75.5

Cumulative cash payments made in connection with this program through September 30, 2012 were $86 million. We expect to pay $68 million of the accrual balance remaining at September 30, 2012 within the next twelve months. This amount is included in accrued restructuring costs on the condensed consolidated balance sheet at September 30, 2012. The majority of the remaining accrual of $7 million is expected to be paid in 2013 with minimal amounts to be paid out in 2014 and 2015. This amount is included in other liabilities on the condensed consolidated balance sheet at September 30, 2012.

European Principal Company ("EPC")

In May 2011, before our acquisition of Diversey, Diversey management approved, subject to successful works council consultations, plans to reorganize its European operations to function under a centralized management and supply chain model. We completed the reorganization on May 3, 2012 and the EPC, based in the Netherlands, is now centrally managing Diversey's European operations. Diversey's European subsidiaries are executing sales and distribution locally, and local production companies are acting as toll manufacturers.

In connection with this reorganization, we recognized associated costs of $1 million for the three months ended September 30, 2012 and $12 million for the nine months ended September 30, 2012, which are included in marketing, administrative and development expenses in the condensed consolidated statements of operations, and nominal amounts for restructuring charges for severance and termination benefits.

(11) Debt and Credit Facilities

Our total debt outstanding consisted of the amounts included in the table below.

	September 30, 2012	December 31, 2011
Short-term borrowings	$ 49.0	$ 34.5
Current portion of long-term debt, less unamortized discount of $0.1 in 2012	402.0	1.9
Total current debt	451.0	36.4
5.625% Senior Notes due July 2013, less unamortized discount of $0.3 in 2011(1)(2)	—	401.0
12% Senior Notes due February 2014(1)	154.2	156.3
Term Loan A Facility due October 2016, less unamortized lender fees of $14.7 in 2012 and $19.6 in 2011(3)	875.1	945.7
7.875% Senior Notes due June 2017, less unamortized discount of $5.7 in 2012 and $6.5 in 2011	394.3	393.5
Term Loan B Facility due October 2018, less unamortized lender fees of $18.1 in 2012 and $21.3 in 2011 and unamortized discount of $23.4 in 2012 and $26.5 in 2011(3)	1,111.2	1,118.8
8.125% Senior Notes due September 2019	750.0	750.0
8.375% Senior Notes due September 2021	750.0	750.0
6.875% Senior Notes due July 2033, less unamortized discount of $1.4 in 2012 and 2011	448.6	448.6
Other	2.9	2.8
Total long-term debt, less current portion	4,486.3	4,966.7
Total debt(4)	$ 4,937.3	$ 5,003.1

(1) Amount includes adjustments due to interest rate swaps. See "Interest Rate Swaps," of Note 12, "Derivatives and Hedging Activities," for further discussion.
(2) Our 5.625% Senior Notes mature in July 2013. Accordingly, we reclassed the carrying value of these notes to current portion of long-term debt from long-term debt, less current portion in July 2012.
(3) In the nine months ended September 30, 2012, we prepaid our 2013 Term Loan A ($78 million) and Term Loan B ($8 million) installments.
(4) The weighted average interest rate on our outstanding debt was 6.4% as of September 30, 2012 and 2.6% as of December 31, 2011.

Credit Facility

In connection with the funding of the cash consideration for the acquisition and the repayment of existing indebtedness of Diversey and to provide for ongoing liquidity requirements, on October 3, 2011, we entered into a senior secured credit facility (the "Credit Facility"). The Credit Facility consists of: (a) a multicurrency term loan A facility denominated in U.S. dollars, Canadian dollars, euros and Japanese yen, ("Term Loan A Facility"), (b) a multicurrency term loan B facility denominated in U.S. dollars and euros ("Term Loan B Facility") and (c) a $700 million revolving credit facility available in U.S. dollars, Canadian dollars, euros and Australian dollars ("Revolving Credit Facility"). Our obligations under the Credit Facility have been guaranteed by certain of Sealed Air's subsidiaries and secured by pledges of certain assets and the capital stock of certain of our subsidiaries. In connection with entering into the Credit Facility, we terminated our former global credit facility and European credit facility.

The U.S. dollar denominated tranche of the Term Loan B Facility was sold to investors at 98% of its principal amount, and the euro-denominated tranche of the Term Loan B Facility was sold to investors at 97% of its principal amount. As a result, we recorded $28 million of original issuance discounts, which are included in the carrying amount of the Term Loan B Facility. We also recorded $48 million of lender fees related to the transactions mentioned above. These fees are also included in the carrying amount of the respective debt instruments. In addition, we recorded $51 million of non-lender fees related to the transactions mentioned above. These fees are included in other assets on our condensed consolidated balance sheet.

The amortization expense of the original issuance discount and lender and non-lender fees are calculated using the effective interest rate method over the lives of the respective debt instruments. Total amortization expense related to the debt instruments above was $6 million in the three months ended September 30, 2012 and $17 million in the nine months ended September 30, 2012. These amounts are included in interest expense on our condensed consolidated statements of operations.

The Revolving Credit Facility may be used for working capital needs and general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement (defined below in Note 15, "Commitments and Contingencies"). We did not use our Revolving Credit Facility in the nine months ended September 30, 2012, and no amounts were outstanding as of September 30, 2012 or December 31, 2011.

The Credit Facility provides for customary events of default, including failure to pay principal or interest when due, failure to comply with covenants, the fact that any representation or warranty made by Sealed Air is false in any material respect, certain insolvency or receivership events affecting Sealed Air and its subsidiaries and a change in control of Sealed Air. For certain events of default, the commitments of the lenders will be automatically terminated, and all outstanding obligations of Sealed Air under the Credit Facility may be declared immediately due and payable.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including the Revolving Credit Facility discussed above, and the amounts available under our accounts receivable securitization program. We are not subject to any material compensating balance requirements in connection with our lines of credit.

	September 30, 2012	December 31, 2011
Used lines of credit	$ 49.0	$ 34.5
Unused lines of credit	991.3	1,028.7
Total available lines of credit	$ 1,040.3	$ 1,063.2
Available lines of credit—committed	$ 703.0	$ 703.9
Available lines of credit—uncommitted	337.3	359.3
Total available lines of credit	$ 1,040.3	$ 1,063.2
Accounts receivable securitization program—committed(1)	$ 118.0	$ 92.0

(1) See Note 9, "Accounts Receivable Securitization Program," for further details of this program.

Other Lines of Credit

Substantially all our short-term borrowings of $49 million at September 30, 2012 and $35 million at December 31, 2011 were outstanding under lines of credit available to several of our foreign subsidiaries. The following table details our other lines of credit.

	September 30, 2012	December 31, 2011
Available lines of credit	$ 340.4	$ 363.2
Unused lines of credit	291.3	328.7

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum permitted ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Credit Facility). We were in compliance with the above financial covenants and limitations at September 30, 2012.

(12) Derivatives and Hedging Activities

We report all derivative instruments on our balance sheet at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes.

As a large global organization, we face exposure to market risks, such as fluctuations in foreign currency exchange rates and interest rates. To manage the volatility relating to these exposures, we enter into various derivative instruments from time to time under our risk management policies. We designate derivative instruments as hedges on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments offset in part or in whole corresponding changes in the fair value or cash flows of the underlying exposures being hedged. We assess the initial and ongoing effectiveness of our hedging relationships in accordance with our policy. We do not purchase, hold or sell derivative financial instruments for trading purposes. Our practice is to terminate derivative transactions if the underlying asset or liability matures or is sold or terminated, or if we determine that the underlying forecasted transaction is no longer probable of occurring.

Foreign Currency Forward Contracts Not Designated as Hedges

Our subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purposes of our foreign currency hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies and to minimize the impact of the changes in foreign currencies related to foreign currency denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these derivative contracts are recognized in other expense, net, on our condensed consolidated statements of operations and are largely offset by the remeasurement of the underlying foreign currency denominated items indicated above. These contracts predominantly have original maturities of less than 12 months.

The estimated fair value of these derivative contracts, which represents the estimated net balance that would be paid or that would be received by us in the event of their termination, based on the then current foreign currency exchange rates, was a net current asset of $6 million at September 30, 2012 and a net current asset of $15 million at December 31, 2011.

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

The primary purposes of our cash flow hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on equipment and raw material purchases that are denominated in foreign currencies in order to minimize the impact of the changes in foreign currencies. We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in other comprehensive income to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in other expense, net, on our condensed consolidated statements of operations.

Net unrealized after tax gains (losses) related to these contracts that were included in other comprehensive income for the three and nine months ended September 30, 2012 and 2011 were immaterial. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

Interest Rate Swaps

From time to time, we may use interest rate swaps to manage our mix of fixed and floating interest rates on our outstanding indebtedness.

In the third quarter of 2012, we terminated the swaps linked to the 12% Senior Notes, although the 12% Senior Notes remained outstanding. We received cash of $2 million resulting from the gain on the termination of the swaps, which is being amortized over the remaining life of the 12% Senior Notes.

In the fourth quarter of 2011, we terminated or offset interest rate swaps on our 5.625% Senior Notes and our 12% Senior Notes. As a result, we received cash of $7 million related to these terminations and recognized a reduction of interest expense of $1 million and an increase of $6 million in the carrying amount of our 12% Senior Notes and our 5.625% Senior Notes, which is being amortized over the remaining maturities of these notes and included in interest expense on our condensed consolidated statements of operations.

At December 31, 2011, we recorded a mark-to-market adjustment to record an increase of $2 million in the carrying amount of our 12% Senior Notes due to changes in interest rates and an offsetting increase to other assets at December 31, 2011 to record the fair value of the remaining outstanding interest rate swaps. There was no ineffective portion of the hedges recognized in earnings during the period.

As a result of our interest rate swap agreements, interest expense was reduced by $0.2 million in the three months ended September 30, 2012, $2 million in the three months ended September 30, 2011, $0.7 million in the nine months ended September 30, 2012 and $4 million in the nine months ended September 30, 2011.

Other Derivative Instruments

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure to foreign exchange rates and interest rate and currency swaps related to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At September 30, 2012 and December 31, 2011, we had no foreign exchange options or interest rate and currency swap agreements outstanding.

See Note 13, “Fair Value Measurements and Other Financial Instruments,” for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

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Fair Value of Derivative Instruments

The following table details the fair value of our derivative instruments included on our condensed consolidated balance sheets.

	Fair Value of Asset Derivatives(1)		Fair Value of (Liability) Derivatives(1)	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Derivatives designated as hedging instruments:				
Foreign currency forward contracts (cash flow hedges)	$ —	$ 0.5	$ —	$ (0.5)
Interest rate swaps (fair value hedges)	—	2.1	—	—
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts	22.8	18.0	(16.8)	(3.0)
Total	$ 22.8	$ 20.6	$ (16.8)	$ (3.5)

(1) Asset derivatives are included in other assets and liability derivatives are included in other liabilities.

The following table details the effect of our derivative instruments on our condensed consolidated statements of operations.

	Amount of Gain (Loss) Recognized in Net Earnings on Derivatives(1)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Derivatives designated as hedging instruments:				
Interest rate swaps	$ —	$ 1.3	$ 0.4	$ 3.6
Foreign currency forward contracts(2)	—	(0.1)	(0.1)	—
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts(2)	13.6	7.2	8.0	7.8
Total	$ 13.6	$ 8.4	$ 8.3	$ 11.4

(1) Amounts recognized on the foreign currency forward contracts were included in other income (expense), net. Amounts recognized on the interest rate swaps were included in interest expense.

(2) The net gains and (losses) included above were substantially offset by the net (losses) and gains resulting from the remeasurement of the underlying foreign currency denominated items, which are included in other expense, net, on the condensed consolidated statement of operations. The underlying foreign currency denominated items include third party and intercompany receivables and payables and interest-bearing intercompany loans. See “Foreign Currency Forward Contracts Not Designated as Hedges” above for further information.

(13) Fair Value Measurements and Other Financial Instruments

Fair Value Measurements

In determining fair value of financial instruments, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and consider counterparty credit risk in our assessment of fair value. We determine fair value of our financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- *Level 1 Inputs:* Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- *Level 2 Inputs:* Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3 Inputs:* Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The following table details the fair value hierarchy of our financial instruments.

September 30, 2012	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 11.0	$ —	$ 11.0	$ —
Derivative financial instruments net asset:				
Foreign currency forward contracts	$ 6.0	$ —	$ 6.0	$ —

December 31, 2011	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 148.9	$ —	$ 148.9	$ —
Derivative financial instruments net asset:				
Interest rate swaps	$ 2.1	$ —	$ 2.1	$ —
Foreign currency forward contracts	$ 15.0	$ —	$ 15.0	$ —

Cash Equivalents

Our cash equivalents at September 30, 2012 consisted of commercial paper (fair value determined using Level 2 inputs). Our cash equivalents at December 31, 2011 consisted of commercial paper and money market accounts (fair value determined using Level 2 inputs). Since these are short-term highly liquid investments with original maturities of three months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates.

Derivative Financial Instruments

Our foreign currency forward contracts are recorded at fair value on our condensed consolidated balance sheets using an income approach valuation technique based on observable market inputs (Level 2).

Observable market inputs used in the calculation of the fair value of foreign currency forward contracts include foreign currency spot and forward rates obtained from an independent third party market data provider. In addition, other pricing data quoted by various banks and foreign currency dealers involving identical or comparable instruments are included.

Our interest rate swaps are recorded at fair value on our condensed consolidated balance sheet using an income approach valuation technique based on observable market inputs (Level 2). Observable market inputs used in the calculation of the fair value of interest rate swaps include pricing data from counterparties to these swaps, and a comparison is made to other market data including U.S. Treasury yields and swap spreads involving identical or comparable derivative instruments.

Counterparties to these foreign currency forward contracts and interest rate swaps are rated at least A- by Standard & Poor's and Baa2 by Moody's. Credit ratings on some of our counterparties may change during the term of our financial instruments. We closely monitor our counterparties' credit ratings and if necessary will make appropriate changes to our financial instruments. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

Other Financial Instruments

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) receivables, net, (2) certain other current assets, (3) accounts payable and (4) other current liabilities. The carrying amounts reported on our condensed consolidated balance sheets for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

Other liabilities that are recorded at carrying value on our condensed consolidated balance sheets include our senior notes. We utilize a market approach to calculate the fair value of our senior notes. Due to their limited investor base and the face value of some of our senior notes, they may not be actively traded on the date we calculate their fair value. Therefore, we may utilize prices and other relevant information generated by market transactions involving similar securities, reflecting U.S. Treasury yields to calculate the yield to maturity and the price on some of our senior notes. These inputs are provided by an independent third party and are considered to be Level 2 inputs.

We derive our fair value estimates of our various other debt instruments by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date. We also incorporated our credit default swap rates and currency specific swap rates in the valuation of each debt instrument, as applicable.

These estimates are subjective and involve uncertainties and matters of significant judgment, and therefore we cannot determine them with precision. Changes in assumptions could significantly affect our estimates.

The table below shows the carrying amounts and estimated fair values of our total debt:

	September 30, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.625% Senior Notes due July 2013(1)	$ 400.5	$ 409.2	$ 401.0	$ 414.1
12% Senior Notes due February 2014(1)	154.2	172.6	156.3	179.8
Term Loan A Facility due October 2016(2)	875.1	875.1	945.7	945.7
7.875% Senior Notes due June 2017	394.3	430.4	393.5	426.0
Term Loan B Facility due October 2018(2)	1,111.2	1,111.2	1,118.8	1,118.8
8.125% Senior Notes due September 2019	750.0	830.4	750.0	824.5
8.375% Senior Notes due September 2021	750.0	841.2	750.0	826.9
6.875% Senior Notes due July 2033	448.6	425.2	448.6	389.3
Other foreign loans	52.8	52.2	37.8	37.4
Other domestic loans	0.6	0.6	1.4	1.3
Total debt	$ 4,937.3	$ 5,148.1	$ 5,003.1	$ 5,163.8

(1) The carrying value of such debt includes adjustments due to interest rate swaps. The fair value of such debt includes adjustments due to outstanding interest rate swaps. See Note 12, "Derivatives and Hedging Activities."

(2) Includes non-U.S. dollar tranches.

As of September 30, 2012, we did not have any non–financial assets and liabilities that were carried at fair value on a recurring basis in the consolidated financial statements or for which a fair value measurement was required at September 30, 2012. Included among our non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis are inventories, net property and equipment, goodwill, intangible assets, and asset retirement obligations.

(14) Income Taxes

Effective Income Tax Rate and Income Tax Provision

Our loss before income taxes from continuing operations for the three month and nine month periods ended September 30, 2012 was reduced by an income tax benefit of $48 million and $55 million, respectively (an effective income tax benefit rate of 4% in each period). The tax benefit for the three month and nine month periods was 4% because our net loss resulted from an impairment charge, substantially all of which related to non-deductible goodwill, with no corresponding tax benefit. Our tax provision for both the three month and nine month periods benefitted from earnings in jurisdictions with low tax rates and losses in jurisdictions, such as the U.S., with high tax rates, as well as favorable settlements of certain tax disputes totaling $2 million in the three months ended September 30, 2012 and $12 million in the nine months ended September 30, 2012. The favorable factors were partially offset by losses in jurisdictions where we did not have any tax benefit due to the applicable tax rate or valuation allowances. In addition, during the three months ended September 30, 2012, we increased our valuation allowances by a total of $36 million to provide for certain foreign tax credits and net operating losses that we currently believe are not likely to be realized. This increase in our valuation allowance was offset by a reduction in our unrecognized tax benefits resulting in no material change to our tax expense for the three months ended September 30, 2012.

Our effective income tax rate was 26% for the three months ended September 30, 2011 and 27% for the nine months ended September 30, 2011. For both the three month and nine month periods ended September 30, 2011, our effective income tax rate was lower than the statutory U.S. federal income tax rate of 35% primarily due to our lower net effective income tax rate on foreign earnings, our domestic manufacturing deduction and certain U.S. tax credits, partially offset by state income taxes and non-deductible acquisition costs related to our acquisition of Diversey.

Unrecognized Tax Benefits

During the three months ended September 30, 2012, we reduced our unrecognized tax benefits by $38 million, primarily with respect to the Settlement agreement. The reduction in our unrecognized tax benefit is a result of a re-assessment of our unrecognized tax benefit position primarily due to our tax situation in the United States following the Diversey acquisition. Substantially all of this reduction was offset by required increases in our valuation allowances so that the net change did not have a material effect on our operating results or financial position. We did not change our policy with regard to the reporting of penalties and interest related to unrecognized tax benefits.

(15) Commitments and Contingencies

Cryovac Transaction Commitments and Contingencies

Settlement Agreement and Related Costs

On November 27, 2002, we reached an agreement in principle with the Committees appointed to represent asbestos claimants in the bankruptcy case of W. R. Grace & Co., known as Grace, to resolve all current and future asbestos-related claims made against the Company and our affiliates in connection with the Cryovac transaction described below (as memorialized by the parties in the Settlement agreement and as approved by the Bankruptcy Court, the “Settlement agreement”). The Settlement agreement will also resolve the fraudulent transfer claims and successor liability claims, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies, in connection with the Cryovac transaction. On December 3, 2002, our Board of Directors approved the agreement in principle. We received notice that both of the Committees had approved the agreement in principle as of December 5, 2002. The parties subsequently signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. For a description of the Cryovac transaction, asbestos-related claims and the parties involved, see “Cryovac Transaction,”, “Discussion of Cryovac Transaction Commitments and Contingencies,” “Fresenius Claims,” “Canadian Claims” and “Additional Matters Related to the Cryovac Transaction” below.

We recorded a pre-tax charge of approximately $850 million as a result of the Settlement agreement on our condensed consolidated statement of operations for the year ended December 31, 2002. The charge consisted of the following items:

- a charge of $513 million covering a cash payment that we will be required to make under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy. Because we cannot predict when a plan of reorganization may become effective, we recorded this liability as a current liability on our consolidated balance sheet at December 31, 2002. Under the terms of the Settlement agreement, this amount accrues interest at a 5.5% annual rate from December 21, 2002 to the date of payment. We have recorded this interest in interest expense on our condensed consolidated statements of operations and in Settlement agreement and related accrued interest on our condensed consolidated balance sheets. The accrued interest, which is compounded annually, was $352 million at September 30, 2012 and $319 million at December 31, 2011.
- a non-cash charge of $322 million representing the fair market value at the date we recorded the charge of nine million shares of Sealed Air common stock that we expect to issue under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy, which was adjusted to eighteen million shares due to our two-for-one stock split in March 2007. These shares are subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock. The fair market value of our common stock was $35.72 per pre-split share ($17.86 post-split) as of the close of business on December 5, 2002. We recorded this amount on our consolidated balance sheet at December 31, 2002 as follows: $0.9 million representing the aggregate par value of these shares of common stock reserved for issuance related to the Settlement agreement, and the remaining $321 million, representing the excess of the aggregate fair market value over the aggregate par value of these common shares, in additional paid-in capital.
- $16 million of legal and related fees as of December 31, 2002.

Cryovac Transaction

On June 30, 1998, we completed a multi-step transaction that brought the Cryovac packaging business and the former Sealed Air Corporation’s business under the common ownership of the Company. These businesses operate as subsidiaries of the Company, and the Company acts as a holding company. As part of that transaction, the parties separated the Cryovac packaging business, which previously had been held by various direct and indirect subsidiaries of the Company, from the remaining businesses previously held by the Company. The parties then arranged for the contribution of these remaining businesses to a company now known as W. R. Grace & Co., and the Company distributed the Grace shares to the Company’s stockholders. As a result, W. R. Grace & Co. became a separate publicly owned company. The Company recapitalized its outstanding shares of common stock into a new common stock and a new convertible preferred stock. A subsidiary of the Company then merged into the former Sealed Air Corporation, which became a subsidiary of the Company and changed its name to Sealed Air Corporation (US).

Discussion of Cryovac Transaction Commitments and Contingencies

In connection with the Cryovac transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction, whether accruing or occurring before or after the Cryovac transaction, other than liabilities arising from or relating to Cryovac's operations. Among the liabilities retained by Grace are liabilities relating to asbestos-containing products previously manufactured or sold by Grace's subsidiaries prior to the Cryovac transaction, including its primary U.S. operating subsidiary, W. R. Grace & Co. — Conn., which has operated for decades and has been a subsidiary of Grace since the Cryovac transaction. The Cryovac transaction agreements provided that, should any claimant seek to hold the Company or any of its subsidiaries responsible for liabilities retained by Grace or its subsidiaries, including the asbestos-related liabilities, Grace and its subsidiaries would indemnify and defend us.

Since the beginning of 2000, we have been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, we are responsible for alleged asbestos liabilities of Grace and its subsidiaries, some of which were also named as co-defendants in some of these actions. Among these lawsuits are several purported class actions and a number of personal injury lawsuits. Some plaintiffs seek damages for personal injury or wrongful death, while others seek medical monitoring, environmental remediation or remedies related to an attic insulation product. Neither the former Sealed Air Corporation nor Cryovac, Inc. ever produced or sold any of the asbestos-containing materials that are the subjects of these cases. None of these cases has reached resolution through judgment, settlement or otherwise. As discussed below, Grace's Chapter 11 bankruptcy proceeding has stayed all of these cases.

While the allegations in these actions directed to us vary, these actions all appear to allege that the transfer of the Cryovac business as part of the Cryovac transaction was a fraudulent transfer or gave rise to successor liability. Under a theory of successor liability, plaintiffs with claims against Grace and its subsidiaries may attempt to hold us liable for liabilities that arose with respect to activities conducted prior to the Cryovac transaction by W. R. Grace & Co. — Conn. or other Grace subsidiaries. A transfer would be a fraudulent transfer if the transferor received less than reasonably equivalent value and the transferor was insolvent or was rendered insolvent by the transfer, was engaged or was about to engage in a business for which its assets constitute unreasonably small capital, or intended to incur or believed that it would incur debts beyond its ability to pay as they mature. A transfer may also be fraudulent if it was made with actual intent to hinder, delay or defraud creditors. If a court found any transfers in connection with the Cryovac transaction to be fraudulent transfers, we could be required to return the property or its value to the transferor or could be required to fund liabilities of Grace or its subsidiaries for the benefit of their creditors, including asbestos claimants. We have reached an agreement in principle and subsequently signed the Settlement agreement, described below, that is expected to resolve all these claims.

In the Joint Proxy Statement furnished to their respective stockholders in connection with the Cryovac transaction, both parties to the transaction stated that it was their belief that Grace and its subsidiaries were adequately capitalized and would be adequately capitalized after the Cryovac transaction and that none of the transfers contemplated to occur in the Cryovac transaction would be a fraudulent transfer. They also stated their belief that the Cryovac transaction complied with other relevant laws. However, if a court applying the relevant legal standards had reached conclusions adverse to us, these determinations could have had a materially adverse effect on our consolidated financial condition and results of operations.

On April 2, 2001, Grace and a number of its subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court in the District of Delaware (the "Bankruptcy Court"). Grace stated that the filing was made in response to a sharply increasing number of asbestos claims since 1999.

In connection with its Chapter 11 filing, Grace filed an application with the Bankruptcy Court seeking to stay, among others, all actions brought against the Company and specified subsidiaries related to alleged asbestos liabilities of Grace and its subsidiaries or alleging fraudulent transfer claims. The court issued an order dated May 3, 2001, which was modified on January 22, 2002, under which the court stayed all the filed or pending asbestos actions against us and, upon filing and service on us, all future asbestos actions. No further proceedings involving us can occur in the actions that have been stayed except upon further order of the Bankruptcy Court.

Committees appointed to represent asbestos claimants in Grace's bankruptcy case received the court's permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc., and against Fresenius, as discussed below. The claims against Fresenius are based upon a 1996 transaction between Fresenius and W. R. Grace & Co. — Conn. Fresenius is not affiliated with us. In March 2002, the court ordered that the issues of the solvency of Grace following the Cryovac transaction and whether Grace received reasonably equivalent value in the Cryovac transaction would be tried on behalf of all of Grace's creditors. This proceeding was brought in the U.S. District Court for the District of Delaware (the "District Court") (Adv. No. 02-02210).

In June 2002, the court permitted the U.S. government to intervene as a plaintiff in the fraudulent transfer proceeding, so that the U.S. government could pursue allegations that environmental remediation expenses were underestimated or omitted in the solvency analyses of Grace conducted at the time of the Cryovac transaction. The court also permitted Grace, which asserted that the Cryovac transaction was not a fraudulent transfer, to intervene in the proceeding. In July 2002, the court issued an interim ruling on the legal standards to be applied in the trial, holding, among other things, that, subject to specified limitations, post-1998 claims should be considered in the solvency analysis of Grace. We believe that only claims and liabilities that were known, or reasonably should have been known, at the time of the 1998 Cryovac transaction should be considered under the applicable standard.

With the fraudulent transfer trial set to commence on December 9, 2002, on November 27, 2002, we reached an agreement in principle with the Committees prosecuting the claims against the Company and Cryovac, Inc., to resolve all current and future asbestos-related claims arising from the Cryovac transaction. On the same day, the court entered an order confirming that the parties had reached an amicable resolution of the disputes among the parties and that counsel for us and the Committees had agreed and bound the parties to the terms of the agreement in principle. As discussed above, the agreement in principle called for payment of nine million shares of our common stock and $513 million in cash, plus interest on the cash payment at a 5.5% annual rate starting on December 21, 2002 and ending on the effective date of an appropriate plan of reorganization in the Grace bankruptcy, when we are required to make the payment. These shares are subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock, and as a result, the number of shares of our common stock that we will issue increased to eighteen million shares upon the two-for-one stock split in March 2007. On December 3, 2002, the Company's Board of Directors approved the agreement in principle. We received notice that both of the Committees had approved the agreement in principle as of December 5, 2002. The parties subsequently signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On November 26, 2003, the parties jointly presented the definitive Settlement agreement to the District Court for approval. On Grace's motion to the District Court, that court transferred the motion to approve the Settlement agreement to the Bankruptcy Court for disposition.

On June 27, 2005, the Bankruptcy Court signed an order approving the Settlement agreement. Although Grace is not a party to the Settlement agreement, under the terms of the order, Grace is directed to comply with the Settlement agreement subject to limited exceptions. The order also provides that the Court will retain jurisdiction over any dispute involving the interpretation or enforcement of the terms and provisions of the Settlement agreement. We expect that the Settlement agreement will become effective upon Grace's emergence from bankruptcy pursuant to a plan of reorganization that is consistent with the terms of the Settlement agreement.

On June 8, 2004, we filed a motion with the District Court, where the fraudulent transfer trial was pending, requesting that the court vacate the July 2002 interim ruling on the legal standards to be applied relating to the fraudulent transfer claims against us. We were not challenging the Settlement agreement. The motion was filed as a protective measure in the event that the Settlement agreement is ultimately not approved or implemented; however, we still expect that the Settlement agreement will become effective upon Grace's emergence from bankruptcy with a plan of reorganization that is consistent with the terms of the Settlement agreement.

On July 11, 2005, the Bankruptcy Court entered an order closing the proceeding brought in 2002 by the committees appointed to represent asbestos claimants in the Grace bankruptcy proceeding against us without prejudice to our right to reopen the matter and renew in our sole discretion our motion to vacate the July 2002 interim ruling on the legal standards to be applied relating to the fraudulent transfer claims against us.

As a condition to our obligation to make the payments required by the Settlement agreement, any final plan of reorganization must be consistent with the terms of the Settlement agreement, including provisions for the trusts and releases referred to below and for an injunction barring the prosecution of any asbestos-related claims against us. The Settlement agreement provides that, upon the effective date of the final plan of reorganization and payment of the shares and cash, all present and future asbestos-related claims against us that arise from alleged asbestos liabilities of Grace and its affiliates (including former affiliates that became our affiliates through the Cryovac transaction) will be channeled to and become the responsibility of one or more trusts to be established under Section 524(g) of the Bankruptcy Code as part of a final plan of reorganization in the Grace bankruptcy. The Settlement agreement will also resolve all fraudulent transfer claims against us arising from the Cryovac transaction as well as the Fresenius claims described below. The Settlement agreement provides that we will receive releases of all those claims upon payment. Under the agreement, we cannot seek indemnity from Grace for our payments required by the Settlement agreement. The order approving the Settlement agreement also provides that the stay of proceedings involving us described above will continue through the effective date of the final plan of reorganization, after which, upon implementation of the Settlement agreement, we will be released from the liabilities asserted in those proceedings and their continued prosecution against us will be enjoined.

In January 2005, Grace filed a proposed plan of reorganization (the “Grace Plan”) with the Bankruptcy Court. There were a number of objections filed. The Official Committee of Asbestos Personal Injury Claimants (the “ACC”) and the Asbestos PI Future Claimants’ Representative (the “PI FCR”) filed their proposed plan of reorganization (the “Claimants’ Plan”) with the Bankruptcy Court in November 2007. On April 7, 2008, Grace issued a press release announcing that Grace, the ACC, the PI FCR, and the Official Committee of Equity Security Holders (the “Equity Committee”) had reached an agreement in principle to settle all present and future asbestos-related personal injury claims against Grace (the “PI Settlement”) and disclosed a term sheet outlining certain terms of the PI Settlement and for a contemplated plan of reorganization that would incorporate the PI Settlement (as filed and amended from time to time, the “PI Settlement Plan”).

On September 19, 2008, Grace, the ACC, the PI FCR, and the Equity Committee filed, as co-proponents, the PI Settlement Plan and several exhibits and associated documents, including a disclosure statement (as filed and amended from time to time, the “PI Settlement Disclosure Statement”), with the Bankruptcy Court. Amended versions of the PI Settlement Plan and the PI Settlement Disclosure Statement have been filed with the Bankruptcy Court from time to time. The PI Settlement Plan, which supersedes each of the Grace Plan and the Claimants’ Plan, remains pending and has not become effective. The committee representing general unsecured creditors and the Official Committee of Asbestos Property Damage Claimants are not co-proponents of the PI Settlement Plan. As filed, the PI Settlement Plan would provide for the establishment of two asbestos trusts under Section 524(g) of the United States Bankruptcy Code to which present and future asbestos-related claims would be channeled. The PI Settlement Plan also contemplates that the terms of the Settlement agreement will be incorporated into the PI Settlement Plan and that we will pay the amount contemplated by the Settlement agreement. On March 9, 2009, the Bankruptcy Court entered an order approving the PI Settlement Disclosure Statement (the “DS Order”) as containing adequate information and authorizing Grace to solicit votes to accept or reject the PI Settlement Plan, all as more fully described in the order. The DS Order did not constitute the Bankruptcy Court’s confirmation of the PI Settlement Plan, approval of the merits of the PI Settlement Plan, or endorsement of the PI Settlement Plan. In connection with the plan voting process in the Grace bankruptcy case, we voted in favor of the PI Settlement Plan that was before the Bankruptcy Court. We will continue to review any amendments to the PI Settlement Plan on an ongoing basis to verify compliance with the Settlement agreement.

On June 8, 2009, a senior manager with the voting agent appointed in the Grace bankruptcy case filed a declaration with the Bankruptcy Court certifying the voting results with respect to the PI Settlement Plan. This declaration was amended on August 5, 2009 (as amended, the “Voting Declaration”). According to the Voting Declaration, with respect to each class of claims designated as impaired by Grace, the PI Settlement Plan was approved by holders of at least two-thirds in amount and more than one-half in number (or for classes voting for purposes of Section 524(g) of the Bankruptcy Code, at least 75% in number) of voted claims. The Voting Declaration also discusses the voting results with respect to holders of general unsecured claims (“GUCs”) against Grace, whose votes were provisionally solicited and counted subject to a determination by the Bankruptcy Court of whether GUCs are impaired (and, thus, entitled to vote) or, as Grace contends, unimpaired (and, thus, not entitled to vote). According to the Voting Declaration, more than one half of voting holders of GUCs voted to accept the PI Settlement Plan, but the provisional vote did not obtain the requisite two-thirds dollar amount to be deemed an accepting class in the event that GUCs are determined to be impaired. To the extent that GUCs are determined to be an impaired non-accepting class, Grace and the other plan proponents have indicated that they would nevertheless seek confirmation of the PI Settlement Plan under the “cram down” provisions contained in Section 1129(b) of the Bankruptcy Code.

On January 31, 2011, the Bankruptcy Court entered a memorandum opinion (as amended, the "Bankruptcy Court Opinion") overruling certain objections to the PI Settlement Plan and finding, among other things, that GUCs are not impaired under the PI Settlement Plan. On the same date, the Bankruptcy Court entered an order regarding confirmation of the PI Settlement Plan (as amended, the "Bankruptcy Court Confirmation Order"). As entered on January 31, 2011, the Bankruptcy Court Confirmation Order contained recommended findings of fact and conclusions of law, and recommended that the District Court approve the Bankruptcy Court Confirmation Order, and that the District Court confirm the PI Settlement Plan and issue a channeling injunction under Section 524(g) of the Bankruptcy Code. Thereafter, on February 15, 2011, the Bankruptcy Court issued an order clarifying the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order (the "Clarifying Order"). Among other things, the Clarifying Order provided that any references in the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order to a recommendation that the District Court confirm the PI Settlement Plan were thereby amended to make clear that the PI Settlement Plan was confirmed and that the Bankruptcy Court was requesting that the District Court issue and affirm the Bankruptcy Court Confirmation Order including the injunction under Section 524(g) of the Bankruptcy Code. On March 11, 2011, the Bankruptcy Court entered an order granting in part and denying in part a motion to reconsider the Bankruptcy Court Opinion filed by BNSF Railway Company (the "March 11 Order"). Among other things, the March 11 Order amended the Bankruptcy Court Opinion to clarify certain matters relating to objections to the PI Settlement Plan filed by BNSF.

Various parties appealed or otherwise challenged the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order, including without limitation with respect to issues relating to releases and injunctions contained in the PI Settlement Plan. On June 28 and 29, 2011, the District Court heard oral arguments in connection with appeals of the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order.

On January 30, 2012, the District Court issued a memorandum opinion (the "Original District Court Opinion") and confirmation order (the "Original District Court Confirmation Order") overruling all objections to the PI Settlement Plan and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). On February 3, 2012, Garlock Sealing Technologies LLC ("Garlock") filed a motion (the "Garlock Reargument Motion") with the District Court requesting that the District Court grant reargument, rehearing, or otherwise amend the Original District Court Opinion and the Original District Court Confirmation Order insofar as they overruled Garlock's objections to the PI Settlement Plan. On February 13, 2012, the Company, Cryovac, and Fresenius Medical Care Holdings, Inc. filed a joint motion (the "Sealed Air/Fresenius Motion") with the District Court. The Sealed Air/Fresenius Motion did not seek to disturb confirmation of the PI Settlement Plan but requested that the District Court amend and clarify certain matters in the Original District Court Opinion and the Original District Court Confirmation Order. Also on February 13, 2012, Grace and the other proponents of the PI Settlement Plan filed a motion (the "Plan Proponents' Motion") with the District Court requesting certain of the same amendments and clarifications sought by the Sealed Air/Fresenius Motion. On February 27, 2012, certain asbestos claimants known as the "Libby Claimants" filed a response to the Sealed Air/Fresenius Motion and the Plan Proponents' Motion (the "Libby Response"). The Libby Response did not oppose the Sealed Air/Fresenius Motion or the Plan Proponents' Motion but indicated, among other things, that: (a) the Libby Claimants had reached a settlement in principle of their objections to the PI Settlement Plan but that this settlement had not become effective and (b) the Libby Claimants reserved their rights with respect to the PI Settlement Plan pending the effectiveness of the Libby Claimants' settlement. On April 20, 2012, as part of a more global settlement, Grace filed a motion with the Bankruptcy Court seeking, among other things, approval of settlements with the Libby Claimants and BNSF. The settlements with the Libby Claimants and BNSF were approved by order of the Bankruptcy Court dated June 6, 2012. Thereafter, the appeals of the Libby Claimants and BNSF with respect to the PI Settlement Plan were dismissed by orders of the United States Court of Appeals for the Third Circuit (the "Third Circuit Court of Appeals") dated September 24, 2012 and October 4, 2012. The District Court held a hearing on May 8, 2012, to consider the Garlock Reargument Motion. On May 29, 2012, Anderson Memorial Hospital ("Anderson Memorial") filed a motion seeking relief from, and reconsideration of, the Original District Court Opinion and the Original District Court Confirmation Order (the "Anderson Relief Motion"). In the Anderson Relief Motion, Anderson Memorial argued that a May 18, 2012, decision by the Third Circuit Court of Appeals in a case called Wright v. Owens-Corning undermined the District Court's conclusion that (a) the PI Settlement Plan was feasible and (b) the asbestos property damage injunction and trust included in the PI Settlement Plan were appropriate. Objections to the Anderson Relief Motion were filed by Grace and the other proponents of the PI Settlement Plan, and by the representative of future asbestos property damage claimants appointed in the Grace bankruptcy proceedings. On June 11, 2012, the District Court entered a consolidated order (the "Consolidated Order") granting the Sealed Air/Fresenius Motion, the Plan Proponents' Motion, and the Garlock Reargument Motion, and providing for amendments to the Original District Court Opinion and the Original District Court Confirmation Order. Although the Consolidated Order granted the Garlock Reargument Motion, it did not constitute the District Court's agreement with Garlock's objections to the PI Settlement Plan, which the District Court continued to overrule. Also on June 11, 2012, the District Court entered an amended memorandum opinion (the "Amended District Court Opinion") and confirmation order (the "Amended District Court Confirmation Order") overruling all objections to the PI Settlement Plan, reflecting amendments described in the Consolidated Order, and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). Thereafter, on July 23, 2012, the District Court issued a memorandum opinion and an order denying the Anderson Relief Motion.

Parties have appealed the Amended District Court Opinion and the Amended District Court Confirmation Order to the Third Circuit Court of Appeals. Pursuant to orders entered by the Third Circuit Court of Appeals on September 20, 2012 and October 25, 2012, parties appealing the Amended District Court Opinion and Confirmation Order are to file their briefs by November 29, 2012, with responsive briefs from Grace and the other proponents of the PI Settlement Plan due to be filed thirty (30) days thereafter, and any reply briefs by the appellants being due fourteen (14) days following service of the briefs filed by Grace and the other plan proponents. The Third Circuit Court of Appeals has not scheduled any hearing for oral argument with respect to the appeals and it is uncertain whether any such hearing will be scheduled or, if scheduled, the timing for such a hearing. Although Grace publicly indicated its intent to seek to emerge from bankruptcy before the appeals are fully and finally resolved, it subsequently indicated that it was not able to receive the necessary consents and waivers to do so, including from the Company. Grace has further indicated that, with an appeals process before the Third Circuit Court of Appeals, its target date to emerge from bankruptcy is the fourth quarter of 2013; however, there can be no assurance that this timing for emergence will be correct.

Consistent with our Settlement agreement, we are prepared to pay the Settlement amount directly to the asbestos trusts to be established under section 524(g) of the Bankruptcy Code once the conditions of the Settlement agreement are fully satisfied. Among those conditions is that approval of an appropriate Grace bankruptcy plan – containing all releases, injunctions, and protections required by the Settlement agreement – be final and not subject to any appeal. Given the pending appeals (which include, without limitation, challenges to the injunctions and releases in the PI Settlement Plan), the condition that approval of the PI Settlement Plan be final and not subject to any appeal has not been satisfied at this time. The Company has not waived this or any other condition of the Settlement agreement nor can there be any assurance that each of the parties whose consent or waiver is required for Grace to emerge from bankruptcy while the appeals are pending will provide such consent or waiver. Although we are optimistic that, if it were to become effective, the PI Settlement Plan would implement the terms of the Settlement agreement, we can give no assurance that this will be the case notwithstanding the confirmation of the PI Settlement Plan by the Bankruptcy Court and the District Court. The terms of the PI Settlement Plan remain subject to amendment. Moreover, the PI Settlement Plan is subject to the satisfaction of a number of conditions which are more fully set forth in the PI Settlement Plan and include, without limitation, the availability of exit financing and the approval of the PI Settlement Plan becoming final and no longer subject to appeal. As noted, parties have appealed the Amended District Court Confirmation Order to the Third Circuit Court of Appeals or have otherwise challenged the Amended District Court Opinion and the Amended District Court Confirmation Order. Matters relating to the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, and the Bankruptcy and Amended District Court Confirmation Orders may be subject to further appeal, challenge, and proceedings before the District Court, the Third Circuit Court of Appeals, or other courts. Parties have designated various issues to be considered in challenging the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, or the Bankruptcy and Amended District Court Confirmation Orders, including, without limitation, issues relating to releases and injunctions contained in the PI Settlement Plan.

While the Bankruptcy Court and the District Court have confirmed the PI Settlement Plan, we do not know whether or when the Third Circuit Court of Appeals will affirm the Amended District Court Confirmation Order or the Amended District Court Opinion, whether or when the Bankruptcy and Amended District Court Opinions or the Bankruptcy and Amended District Court Confirmation Orders will become final and no longer subject to appeal, or whether or when a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court and the District Court, and does become effective, we do not know whether the final plan of reorganization will be consistent with the terms of the Settlement agreement or if the other conditions to our obligation to pay the Settlement agreement amount will be met. If these conditions are not satisfied or not waived by us, we will not be obligated to pay the amount contemplated by the Settlement agreement. However, if we do not pay the Settlement agreement amount, we will not be released from the various asbestos related, fraudulent transfer, successor liability, and indemnification claims made against us and all of these claims would remain pending and would have to be resolved through other means, such as through agreement on alternative settlement terms or trials. In that case, we could face liabilities that are significantly different from our obligations under the Settlement agreement. We cannot estimate at this time what those differences or their magnitude may be. In the event these liabilities are materially larger than the current existing obligations, they could have a material adverse effect on our consolidated financial condition and results of operations. We will continue to review and monitor the progress of the Grace bankruptcy proceedings (including appeals and other proceedings relating to the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, and the Bankruptcy and Amended District Court Confirmation Orders), as well as any amendments or changes to the PI Settlement Plan or to Bankruptcy and Amended District Court Opinions and Confirmation Orders, to verify compliance with the Settlement agreement.

Fresenius Claims

In January 2002, we filed a declaratory judgment action against Fresenius Medical Care Holdings, Inc., its parent, Fresenius AG, a German company, and specified affiliates in New York State court asking the court to resolve a contract dispute between the parties. The Fresenius parties contended that we were obligated to indemnify them for liabilities that they might incur as a result of the 1996 Fresenius transaction mentioned above. The Fresenius parties' contention was based on

their interpretation of the agreements between them and W. R. Grace & Co. — Conn. in connection with the 1996 Fresenius transaction. In February 2002, the Fresenius parties announced that they had accrued a charge of $172 million for these potential liabilities, which included pre-transaction tax liabilities of Grace and the costs of defense of litigation arising from Grace's Chapter 11 filing. We believe that we were not responsible to indemnify the Fresenius parties under the 1996 agreements and filed the action to proceed to a resolution of the Fresenius parties' claims. In April 2002, the Fresenius parties filed a motion to dismiss the action and for entry of declaratory relief in its favor. We opposed the motion, and in July 2003, the court denied the motion without prejudice in view of the November 27, 2002 agreement in principle referred to above. As noted above, under the Settlement agreement, we and the Fresenius parties will exchange mutual releases, which will release us from any and all claims related to the 1996 Fresenius transaction.

Canadian Claims

In November 2004, the Company's Canadian subsidiary Sealed Air (Canada) Co./Cie learned that it had been named a defendant in the case of *Thundersky v. The Attorney General of Canada, et al.* (File No. CI04-01-39818), pending in the Manitoba Court of Queen's Bench. Grace and W. R. Grace & Co. — Conn. are also named as defendants. The plaintiff brought the claim as a putative class proceeding and seeks recovery for alleged injuries suffered by any Canadian resident, other than in the course of employment, as a result of Grace's marketing, selling, processing, manufacturing, distributing and/or delivering asbestos or asbestos-containing products in Canada prior to the Cryovac Transaction. A plaintiff filed another proceeding in January 2005 in the Manitoba Court of Queen's Bench naming the Company and specified subsidiaries as defendants. The latter proceeding, *Her Majesty the Queen in Right of the Province of Manitoba v. The Attorney General of Canada, et al.* (File No. CI05-01-41069), seeks the recovery of the cost of insured health services allegedly provided by the Government of Manitoba to the members of the class of plaintiffs in the *Thundersky* proceeding. In October 2005, we learned that six additional putative class proceedings had been brought in various provincial and federal courts in Canada seeking recovery from the Company and its subsidiaries Cryovac, Inc. and Sealed Air (Canada) Co./Cie, as well as other defendants including W. R. Grace & Co. and W. R. Grace & Co. — Conn., for alleged injuries suffered by any Canadian resident, other than in the course of employment (except with respect to one of these six claims), as a result of Grace's marketing, selling, manufacturing, processing, distributing and/or delivering asbestos or asbestos-containing products in Canada prior to the Cryovac transaction. Grace and W. R. Grace & Co. — Conn. have agreed to defend, indemnify and hold harmless the Company and its affiliates in respect of any liability and expense, including legal fees and costs, in these actions.

In April 2001, Grace Canada, Inc. had obtained an order of the Superior Court of Justice, Commercial List, Toronto (the “Canadian Court”), recognizing the Chapter 11 actions in the United States of America involving Grace Canada, Inc.’s U.S. parent corporation and other affiliates of Grace Canada, Inc., and enjoining all new actions and staying all current proceedings against Grace Canada, Inc. related to asbestos under the Companies’ Creditors Arrangement Act. That order has been renewed repeatedly. In November 2005, upon motion by Grace Canada, Inc., the Canadian Court ordered an extension of the injunction and stay to actions involving asbestos against the Company and its Canadian affiliate and the Attorney General of Canada, which had the effect of staying all of the Canadian actions referred to above. The parties finalized a global settlement of these Canadian actions (except for claims against the Canadian government). That settlement, which has subsequently been amended (the “Canadian Settlement”), will be entirely funded by Grace. The Canadian Court issued an Order on December 13, 2009 approving the Canadian Settlement. We do not have any positive obligations under the Canadian Settlement, but we are a beneficiary of the release of claims. The release in favor of the Grace parties (including us) will become operative upon the effective date of a plan of reorganization in Grace’s United States Chapter 11 bankruptcy proceeding. As filed, the PI Settlement Plan contemplates that the claims released under the Canadian Settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. As indicated above, the Bankruptcy Court entered the Bankruptcy Court Confirmation Order on January 31, 2011 and the Clarifying Order on February 15, 2011 and the District Court entered the Original District Court Confirmation Order on January 30, 2012 and the Amended District Court Confirmation Order on June 11, 2012. The Canadian Court issued an Order on April 8, 2011 recognizing and giving full effect to the Bankruptcy Court’s Confirmation Order in all provinces and territories of Canada in accordance with the Bankruptcy Court Confirmation Order’s terms. Notwithstanding the foregoing, the PI Settlement Plan has not become effective, and we can give no assurance that the PI Settlement Plan (or any other plan of reorganization) will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) does become effective, if the final plan of reorganization does not incorporate the terms of the Canadian Settlement or if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify the Company and its subsidiaries in these cases, then we could be required to pay substantial damages, which we cannot estimate at this time and which could have a material adverse effect on our consolidated financial condition and results of operations.

Additional Matters Related to the Cryovac Transaction

In view of Grace’s Chapter 11 filing, we may receive additional claims asserting that we are liable for obligations that Grace had agreed to retain in the Cryovac transaction and for which we may be contingently liable. To date, we are not aware of any material claims having been asserted or threatened against us.

Final determinations and accountings under the Cryovac transaction agreements with respect to matters pertaining to the transaction had not been completed at the time of Grace’s Chapter 11 filing in 2001. We have filed claims in the bankruptcy proceeding that reflect the costs and liabilities that we have incurred or may incur that Grace and its affiliates agreed to retain or that are subject to indemnification by Grace and its affiliates under the Cryovac transaction agreements, other than payments to be made under the Settlement agreement. Grace has alleged that we are responsible for specified amounts under the Cryovac transaction agreements. Subject to the terms of the Settlement agreement, amounts for which we may be liable to Grace may be used to offset the liabilities of Grace and its affiliates to us. We intend to seek indemnification by Grace and its affiliates to the extent permissible under law, the Settlement agreement, and the Cryovac transaction agreements. Except to the extent of any potential setoff or similar claim, we expect that our claims will be as an unsecured creditor of Grace. Since portions of our claims against Grace and its affiliates are contingent or unliquidated, we cannot determine the amount of our claims, the extent to which these claims may be reduced by setoff, how much of the claims may be allowed, or the amount of our recovery on these claims, if any, in the bankruptcy proceeding.

(16) Stockholders’ Equity

Quarterly Cash Dividends

On October 11, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share. This dividend is payable on December 14, 2012 to stockholders of record at the close of business on November 30, 2012. The estimated amount of this dividend payment is $25 million based on 195 million shares of our common stock issued and outstanding as of October 31, 2012.

On July 12, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share. This dividend was paid on September 14, 2012 to stockholders of record at the close of business on August 31, 2012. We used $25 million of available cash to pay this quarterly cash dividend.

On April 19, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share. This dividend was paid on June 15, 2012 to stockholders of record at the close of business on June 1, 2012. We used $25 million of available cash to pay this quarterly cash dividend.

On February 16, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share, which was paid on March 16, 2012 to stockholders of record at the close of business on March 2, 2012. We used $25 million of available cash to pay this quarterly cash dividend.

Our new Credit Facility and the Notes contain covenants that restrict our ability to declare or pay dividends. However, we do not believe these covenants are likely to materially limit the future payment of quarterly cash dividends on our common stock. From time to time, we may consider other means of returning value to our stockholders based on our consolidated financial condition and results of operations. There is no guarantee that our Board of Directors will declare any further dividends.

Stock Appreciation Rights ("SARS")

In connection with the acquisition of Diversey, Sealed Air exchanged Diversey's cash-settled stock appreciation rights and stock options that were unvested as of May 31, 2011 and unexercised at October 3, 2011 into cash-settled stock appreciation rights based on Sealed Air common stock.

Since these SARs are settled in cash, the amount of the related future expense will fluctuate based on the forfeiture activity and the changes in the assumptions used in a Black-Scholes valuation model which include Sealed Air's stock price, risk-free interest rates, expected volatility and a dividend yield. In addition, once vested, the related expense will continue to fluctuate due to the changes in the assumptions used in the Black-Scholes valuation model for any SARs that are not exercised until their respective expiration dates, the last of which is currently in March 2021.

We recognized compensation expense of $3 million in the three months ended September 30, 2012 and $13 million in the nine months ended September 30, 2012 related to SARs that were granted to Diversey employees who remained employees as of September 30, 2012. These amounts were based on the assumptions mentioned above and are included in marketing, administrative and development expenses on our condensed consolidated statements of operations except for SARs that were included in restructuring and other charges as discussed below. Cash payments due to the exercise of SARs in the nine months ended September 30, 2012 were $41 million, including $18 million as part of restructuring payments. As of September 30, 2012, the remaining liability for these SARs except for SARs that were included in restructuring and other charges as discussed below was $30 million and is included in other liabilities on our condensed consolidated balance sheet.

Included in the amounts discussed above, was the recognition of restructuring expense of less than $1 million in the three months ended September 30, 2012 and $8 million in the nine months ended September 30, 2012 for SARs that were part of the termination and benefit costs for Diversey employees under the 2011 – 2014 Integration & Optimization Program. This expense was included in restructuring and other charges on our condensed consolidated statements of operations. Cash payments upon the exercise of these SARs were $18 million in the nine months ended September 30, 2012. The remaining liability for SARs included in the restructuring program was less than $1 million as of September 30, 2012.

2005 Contingent Stock Plan

Share-based Incentive Compensation

We record share-based incentive compensation expense in marketing, administrative and development expenses on our condensed consolidated statements of operations with a corresponding credit to additional paid-in capital within stockholders' equity based on the fair value of the share-based incentive compensation awards at the date of grant. We recognize an expense or credit reflecting the straight-line recognition, net of estimated forfeitures, of the expected cost of the program. For the various performance share unit ("PSU") awards programs described below, the cumulative amount accrued to date is adjusted up or down to the extent the expected performance against the targets has improved or worsened. These share-based incentive compensation programs are described in more detail below.

The table below shows our total share-based incentive compensation expense.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
2012 Three-year PSU Awards	$ 0.8	$ —	$ 2.2	$ —
2011 Three-year PSU Awards	0.6	0.7	1.4	2.5
2010 Three-year PSU Awards	0.9	0.8	1.2	4.6
2009 Three-year PSU Awards	—	1.2	—	3.6
2012 CEO Incentive Compensation	1.1	—	3.4	—
SLO Awards	0.2	(0.3)	0.6	0.3
Other long-term share-based incentive compensation programs	3.0	2.1	8.1	6.7
Total share-based incentive compensation expense(1)	$ 6.6	$ 4.5	$ 16.9	$ 17.7

(1) The amounts included above do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock as such these contributions are not considered share-based incentive compensation.

The following table shows the estimated amount of total share-based incentive compensation expense expected to be recognized on a straight-line basis over the remaining respective vesting periods by program at September 30, 2012.

	2012	2013	2014	2015	Total
2012 Three-year PSU Awards	$ 0.9	$ 3.7	$ 3.7	$ —	$ 8.3
2011 Three-year PSU Awards	0.6	2.4	—	—	3.0
2010 Three-year PSU Awards	0.9	—	—	—	0.9
2012 CEO Incentive Compensation	1.1	—	—	—	1.1
SLO Awards	0.2	0.2	—	—	0.4
Other long-term share-based incentive compensation programs	3.0	9.6	5.8	1.6	20.0
Total share-based incentive compensation expense (1)	$ 6.7	$ 15.9	$ 9.5	$ 1.6	$ 33.7

(1) The amounts included above do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock as such these contributions are not considered share-based incentive compensation.

The discussion that follows provides further details of our share-based incentive compensation programs.

2012 Three-year PSU Awards

The targeted number of shares of common stock that can be earned is 554,381 shares for these 2012 PSU awards. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares depending on the level of achievement of the performance goals and measures, plus or minus 55,438 additional shares at the discretion of the Compensation Committee of our Board of Directors ("Compensation Committee"). These performance goals are outlined in further detail in the Proxy Statement for our 2012 Annual Meeting of Stockholders.

The expenses included in the tables above were calculated using a grant date common stock share price of $19.72 per share for the awards granted on March 27, 2012 ($14.27 for the awards granted on September 1, 2012) for the three year average return on invested capital (“ROIC”) goal and net trade sales goals (these are considered performance conditions) and the Monte Carlo valuation of $23.40 per share for the awards granted on March 27, 2012 (an estimated $14.27 for the awards granted on September 1, 2012) for the TSR goal (this is considered a market condition). The expense calculation is based on management’s estimate as of September 30, 2012 of the level of probable achievement of the performance goals and measures, which was determined to be at the target level, or 100% achievement (554,381 shares).

2011 Three-year PSU Awards

The targeted number of shares of common stock that can be earned is 380,617 shares for these 2011 PSU awards. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares depending on the level of achievement of the performance goals and measures, plus or minus 38,062 additional discretionary shares. These performance goals are outlined in further detail in the Proxy Statement for our 2012 Annual Meeting of Stockholders.

The expenses included in the tables above were calculated using a grant date common stock share price of $26.18 per share on March 11, 2011 and is based on management's estimate as of September 30, 2012 of the level of probable achievement of this award's performance goals and measures, which was determined to be below the target level, or 84% achievement (159,859 shares, net of forfeitures), for the ROIC goal and below the target level, or 66% achievement (125,604 shares, net of forfeitures), for the volume goal.

2010 Three-year PSU Awards

The targeted number of shares of common stock that can be earned is 413,642 shares for these 2010 PSU awards. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares depending on the level of achievement of the performance goals and measures, plus or minus 41,364 additional discretionary shares. These performance goals are outlined in further detail in the Proxy Statement for our 2011 Annual Meeting of Stockholders.

The expenses included in the tables above were calculated using a grant date common stock share price of $20.88 per share on March 8, 2010 and is based on management's estimate as of September 30, 2012 of the level of probable achievement of the performance goals and measures, which was determined to be below the target level, or 97% achievement (200,616 shares, net of forfeitures) for the ROIC goal and at 159% achievement (328,845, net of forfeitures) for the volume goal.

2012 Chief Executive Officer ("CEO") Incentive Compensation

The targeted number of shares of common stock that can be earned is 273,834 shares for this 2012 CEO award. The total number of shares to be issued for this award can range from zero to 200% of the target number of shares depending on the level of achievement of the performance goals and measures. These performance goals are outlined in further detail in the Proxy Statement for our 2012 Annual Meeting of Stockholders.

The expense included in the table above was calculated using a grant date common stock share price of $19.72 per share on March 27, 2012 and is based on management's estimate as of September 30, 2012 of the level of probable achievement of the performance goals and measures, which was determined to be below the target level, or 79% achievement (150,855 shares), for the adjusted EBITDA goal and at the target level, or 100% achievement (82,150 shares), for the net debt reduction goal.

Due to our CEO's retirement eligibility at grant date, the total expense related to these awards will be recognized on a straight-line basis in the year ended December 31, 2012.

For the awards (excluding the portion of the PSU awards related to the TSR goal) that are discussed above, the estimated amount of future share-based incentive compensation expense will fluctuate based on: 1) the expected level of achievement of the respective goals and measures considered probable in future quarters, which impacts the number of shares that could be issued; and 2) the future price of our common stock, which impacts the expense related to additional discretionary shares. Since the TSR metric is considered a market condition, the portion of the compensation expense related to the TSR metric will be recognized regardless of whether the market condition is satisfied provided that the requisite service has been provided.

For the 2012 CEO award and for all the PSU awards discussed above, each award recipient will receive also a cash payment in the amount of dividends (without interest) that would have been paid from the start of the performance period on the shares that have been earned until the shares are issued.

Stock Leverage Opportunity ("SLO") Awards

The Compensation Committee set the SLO award premium at 25% for the years ending December 31, 2012 and December 31, 2011. The 2012 SLO target awards comprise an aggregate of 77,731 restricted stock shares and restricted stock units as of September 30, 2012. The 2011 SLO awards that were issued on March 9, 2012 comprised an aggregate of 11,212 restricted stock shares and restricted stock units.

We record compensation expense for these awards in marketing, administrative and development expenses on the condensed consolidated statement of operations with a corresponding credit to additional paid-in-capital within stockholders' equity, based on the fair value of the awards at the end of each reporting period, which reflects the effects of stock price changes.

For the three and nine months ended September 30, 2012, compensation expense related to the 2012 SLO awards was recognized based on the extent to which the performance goals and measures for our 2012 annual cash bonuses were considered probable of achievement at September 30, 2012. This expense is being recognized over a fifteen month period on a straight-line basis since a majority of the awards will vest at grant date, which will be no later than March 15, 2013, due to the retirement eligibility provision.

For the three and nine months ended September 30, 2011, compensation expense related to the 2011 SLO awards was recognized based on the extent to which the performance goals and measures for 2011 annual cash bonuses were considered probable of achievement at September 30, 2011. This expense was recognized over a fifteen month period on a straight-line basis since a majority of the awards vested at grant date, which was March 9, 2012, due to the retirement eligibility provision.

Recipients who hold SLO awards in the form of restricted stock receive dividends. Recipients who hold SLO awards in the form of restricted stock units receive a cash payment in the amount of the dividends (without interest) on the shares they have earned at about the same time that shares are issued to them following the period of restriction. As of September 30, 2012, we have accrued for these dividends in other current liabilities on our condensed consolidated balance sheet and the amount was immaterial.

Other Long-term Share-based Incentive Compensation

Under our 2005 Contingent Stock Plan, the Compensation Committee may grant our employees awards of restricted stock, restricted stock units and cash awards measured by share price as long-term share-based incentive compensation. Our executive officers and other key executives may also receive awards of restricted stock or restricted stock units from time to time.

(17) Net (Loss) Earnings Per Common Share

The following table shows the calculation of basic and diluted net (loss) earnings per common share under the two-class method.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Basic Net (Loss) Earnings Per Common Share:				
Numerator				
Net (loss) earnings available to common stockholders	$ (1,232.4)	$ 73.7	$ (1,252.0)	$ 198.4
Distributed and allocated undistributed net earnings to non-vested restricted stockholders	(0.1)	(0.4)	(0.4)	(1.2)
Distributed and allocated undistributed net (loss) earnings to common stockholders	**(1,232.5)**	**73.3**	**(1,252.4)**	**197.2**
Distributed net earnings—dividends paid to common stockholders	(25.1)	(20.7)	(75.3)	(62.1)
Allocation of undistributed net (loss) earnings to common stockholders	**$ (1,257.6)**	**$ 52.6**	**$ (1,327.7)**	**$ 135.1**
Denominator(1)				
Weighted average number of common shares outstanding—basic	193.2	159.3	192.7	159.1
Basic net (loss) earnings per common share:				
Distributed net earnings to common stockholders	$ 0.13	$ 0.13	$ 0.39	$ 0.39
Allocated undistributed net (loss) earnings to common stockholders	(6.51)	0.33	(6.89)	0.85
Basic net (loss) earnings per common share:	**$ (6.38)**	**$ 0.46**	**$ (6.50)**	**$ 1.24**
Diluted Net (Loss) Earnings Per Common Share:				
Numerator				
Distributed and allocated undistributed net (loss) earnings to common stockholders	$ (1,232.5)	$ 73.3	$ (1,252.4)	$ 197.2
Add: Allocated undistributed net earnings to non-vested restricted stockholders	—	0.4	—	0.9
Less: Undistributed net earnings reallocated to non-vested restricted stockholders	—	(0.3)	—	(0.8)
Net (loss) earnings available to common stockholders—diluted	**$ (1,232.5)**	**$ 73.4**	**$ (1,252.4)**	**$ 197.3**
Denominator(1)(2)				
Weighted average number of common shares outstanding—basic	193.2	159.3	192.7	159.1
Effect of assumed issuance of Settlement agreement shares	—	18.0	—	18.0
Effect of non-vested restricted stock and restricted stock units	—	0.6	—	0.4
Weighted average number of common shares outstanding—diluted	193.2	177.9	192.7	177.5
Diluted net (loss) earnings per common share	**$ (6.38)**	**$ 0.41**	**$ (6.50)**	**$ 1.11**

(1) Includes the weighted-average share impact in 2012 of 31.7 million shares issued as part of the total consideration paid in connection with the acquisition of Diversey on October 3, 2011.

(2) Provides for the following items if their inclusion is dilutive: (i) the effect of assumed issuance of 18 million shares of common stock reserved for the Settlement agreement as defined and (ii) the effect of non-vested restricted stock and restricted stock units using the treasury stock method. In calculating diluted net (loss) earnings per common share for 2012, our diluted weighted average number of common shares outstanding excludes the effect of the items mentioned above as the effect was anti-dilutive.

PSU Awards

Since the PSU awards discussed in Note 16, “Stockholders’ Equity,” include contingently issuable shares that are based on a condition other than earnings or market price, they are included in the diluted weighted average number of common shares outstanding when we meet the performance conditions as of that date. However, in 2012, unvested PSU awards that have met the performance conditions as of September 30, 2012 have not been included in the diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2012 as the effect was anti-dilutive.

SLO Awards

The shares or units associated with the 2012 SLO awards are considered contingently issuable shares and therefore are not included in the basic or diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2012. These shares or units, discussed in Note 16, “Stockholders’ Equity,” will not be included in the common shares outstanding until the final determination of the amount of annual incentive compensation is made in the first quarter of 2013. Once this determination is made, the shares or units will be included in the basic weighted average number of common shares outstanding if the employee is retirement eligible or in the diluted weighted average number of common shares outstanding if the employee is not retirement eligible if the impact to diluted net earnings per common share is dilutive. The numbers of shares or units associated with SLO awards for the 2011 and earlier fiscal years, for both the three and nine months ended September 30, 2012 and 2011 were nominal and have not been included in the diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2012 as the effect was anti-dilutive.

(18) Other Income (Expense), net

The following table provides details of other income (expense), net.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Interest and dividend income	$ 3.5	$ 1.5	$ 10.2	$ 5.7
Net foreign exchange transaction (losses) gains	(0.8)	1.3	(10.8)	(6.2)
Gains from foreign currency forward contracts related to the closing of the acquisition of Diversey.	—	6.3	—	6.3
Settlement agreement related costs	(0.4)	(0.2)	(0.6)	(0.8)
Other, net	(1.1)	(2.1)	(7.3)	(4.3)
Other income (expense), net	$ 1.2	$ 6.8	$ (8.5)	$ 0.7

Impairment of Equity Method Investment

In September 2007, we established a joint venture that supports our Food Solutions segment. We account for the joint venture under the equity method of accounting with our proportionate share of net income or losses included in other expense, net, on the consolidated statements of operations.

During the first half of 2012, the joint venture performed below expectations, resulting in reduced cash flow and increasing debt obligations. Due to these events, we evaluated our equity method investment for impairment. An equity method investment is impaired if the fair value of the investment is less than its carrying value. If there is no readily determinable fair value, then we are required to test it for impairment whenever an event or change in circumstances occurs that could have a significant impact on the fair value of the investment. If the investment is determined to be impaired, we must also determine if the impairment is other-than-temporary. During the three months ended June 30, 2012, based on reviewing undiscounted cash flow information, we determined that the fair value of our investment was less than its carrying value and that this impairment was other-than-temporary.

In connection with the establishment of the joint venture in 2007, we issued a guarantee in support of an uncommitted credit facility agreement that was entered into by the joint venture. The initial term of the credit facility was two years, which was renewed with the approval of both us and the joint venture. Under the terms of the guarantee, if the joint venture were to default under the terms of the credit facility, the lender would be entitled to seek payment of the amounts due under the credit facility from us. As of September 30, 2012, the joint venture has performed its obligations under the terms of the credit facility. Before the second quarter of 2012, we recorded the fair value of this guarantee as a component of our investment in this joint venture and included a corresponding liability on our condensed consolidated balance sheets. However, as a result of the impairment, we have included the guarantee liability in other current liabilities on the condensed consolidated balance sheet as of September 30, 2012 as we believe it is probable that we will need to perform under this guarantee. As of September 30, 2012, the debt holders have not requested that we perform under the terms of the guarantee.

As a result, in the second quarter of 2012 we recognized other-than-temporary impairment of $26 million ($18 million, net of taxes, or $0.09 per diluted share). This impairment consisted of the recognition of a current liability for the guarantee of the uncommitted credit facility mentioned above of $20 million and a $4 million write-down of the carrying value of the investment to zero at June 30, 2012. We also recorded provisions for bad debt on receivables due from the joint venture to the Company of $2 million, which is included in marketing, administrative and development expenses and impacted both of our food businesses. We have no further obligation to support the operations of the joint venture in the future.

(19) Related Party Transactions

Our Diversey segment has related party transactions with S.C. Johnson, Inc. and Unilever and these transactions are not considered material to our condensed consolidated financial statements. For more information regarding our related party transactions, refer to our 2011 Annual Report on Form 10-K.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information in our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with our condensed consolidated financial statements and related notes set forth in Item 1 of Part I of this quarterly report on Form 10-Q, our MD&A set forth in Item 7 of Part II of our 2011 Annual Report on Form 10-K and our consolidated financial statements and related notes set forth in Item 8 of Part II of our Form 10-K. See Part II, Item 1A, "Risk Factors," below and "Cautionary Notice Regarding Forward-Looking Statements," above, and the information referenced therein, for a description of risks that we face and important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. All amounts and percentages are approximate due to rounding and all dollars are in millions, except per share amounts. When we cross-reference to a "Note," we are referring to our "Notes to Condensed Consolidated Financial Statements," unless the context indicates otherwise.

Non-U.S. GAAP Information

In our MD&A, we present financial information in accordance with U.S. GAAP. We also present financial information that does not conform to U.S. GAAP, which we refer to as non-U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. The non-U.S. GAAP information has limitations as an analytical tool and should not be considered in isolation from or as a substitute for U.S. GAAP information. It does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Further, non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others. Investors are cautioned against placing undue reliance on these non-U.S. GAAP measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures.

Our management will assess our financial results, such as gross profit, operating profit and diluted net earnings per common share ("EPS"), both on a U.S. GAAP basis and on an adjusted non-U.S. GAAP basis. Examples of some other supplemental financial metrics our management will also use to assess our financial performance include Earnings before Interest Expense, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Adjusted EPS, Adjusted Cash EPS and Free Cash Flow. These non-U.S. GAAP financial measures provide management with additional means to understand and evaluate the core operating results and trends in our ongoing business by eliminating certain one-time expenses and/or gains (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and peers more difficult, obscure trends in ongoing operations or reduce management's ability to make useful forecasts. Our non-U.S. GAAP financial measures may also be considered in calculations of our performance measures set by the Organization and Compensation Committee of our Board of Directors for purposes of determining incentive compensation.

The non-U.S. GAAP financial metrics mentioned above exclude items we consider unusual or special items and also exclude their related tax effects. We evaluate the unusual or special items on an individual basis. Our evaluation of whether to exclude an unusual or special item for purposes of determining our non-U.S. GAAP financial measures considers both the quantitative and qualitative aspects of the item, including, among other things (i) its nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis.

Another non-U.S GAAP financial metric we present is our core income tax rate or provision ("core tax rate"). Our core tax rate is a measure of our U.S. GAAP effective tax rate, adjusted to exclude the tax impact from the special items that are excluded from our Adjusted net earnings and Adjusted EPS metrics. We consider our core tax rate as an indicator of the taxes on our core business. The tax situation and effective tax rate in the specific countries where the excluded or special items occur will determine the impact (positive or negative) to our core tax rate.

In our "Highlights of Financial Performance," "Net Sales by Segment Reporting Structure," "Net Sales by Geographic Region" and in some of the discussions and tables that follow, we exclude the impact of foreign currency translation when presenting net sales information, which we define as "constant dollar." Changes in net sales excluding the impact of foreign currency translation are non-U.S. GAAP financial measures. As a worldwide business, it is important that we take into account the effects of foreign currency translation when we view our results and plan our strategies. Nonetheless, we cannot control changes in foreign currency exchange rates. Consequently, when our management looks at our financial results to measure the core performance of our business, we exclude the impact of foreign currency translation by translating our current period results at prior period foreign currency exchange rates. We also may exclude the impact of foreign currency translation when making incentive compensation determinations. As a result, our management believes that these presentations are useful internally and may be useful to investors.

Recent Events

Divestiture

On October 30, 2012, we signed a definitive agreement to sell our Diversey operations in Japan for gross proceeds of USD-equivalent $377 million, subject to customary closing conditions. The transaction is expected to be completed in the fourth quarter of 2012. The transaction is expected to generate approximately $300 million in net cash, on an after tax basis. We intend to use the cash generated from this transaction to prepay a portion of our outstanding debt. We expect to record a pre-tax gain on the sale of approximately $260 million when the transaction is completed. The financial results for this discontinued operation is excluded from the financial results presented in this MD&A for the three and nine months ended September 30, 2012. Furthermore, since these operations were part of the acquisition of Diversey on October 3, 2011, there is no impact of the divestiture on financial results presented in this MD&A for the three and nine months ended September 30, 2011. See Note 3, "Divestiture".

Dividends

On October 11, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share. This dividend is payable on December 14, 2012 to stockholders of record at the close of business on November 30, 2012. The estimated amount of this dividend payment is $25 million based on 195 million shares of our common stock issued and outstanding as of October 31, 2012.

During the nine months ended September 30, 2012, we declared and paid quarterly cash dividends of $0.13 per common share on March 16, 2012 to stockholders of record at the close of business on March 2, 2012, on June 15, 2012 to stockholders of record at the close of business on June 1, 2012 and on September 14, 2012 to stockholders of record at the close of business on August 31, 2012. We used available cash totaling $75 million to pay these quarterly cash dividends.

Changes in Senior Management

On June 18, 2012, Carol P. Lowe joined the Company as Senior Vice President and Chief Financial Officer. Ms. Lowe, has over twenty years of experience as a senior financial executive with experience in all financial and internal control activities, including financial planning and reporting, accounting, internal audit, investor relations, tax, treasury and risk management. Ms. Lowe is also a Certified Public Accountant and serves on the Board of Directors of Cytec Industries Incorporated.

On August 28, 2012, we announced that the Company's President and Chief Executive Officer, William V. Hickey, has advised the Board of his intention to retire in March, 2013. In connection with the transition, the Board of Directors has elected Mr. Hickey as Chair of the Board effective September 1, 2012. Until his retirement, Mr. Hickey will continue as Chief Executive Officer of the Company but will no longer serve as President.

In connection with Mr. Hickey's retirement, on August 27, 2012, the Board of Directors of the Company elected Jerome A. Peribere as President and Chief Operating Officer of the Company and appointed him as a director, effective as of September 1, 2012. Mr. Peribere, worked at The Dow Chemical Company ("Dow") from 1977 through August 2012. Mr. Peribere served in multiple managerial roles with Dow, most recently as Executive Vice President of Dow and President and Chief Executive Officer, Dow Advanced Materials, a unit of Dow, from 2010 through August 2012. Mr. Peribere currently serves as a board member of BMO Financial Corporation. Mr. Peribere will become Chief Executive Officer upon Mr. Hickey's retirement.

On October 5, 2012, H. Katherine White, Vice President, General Counsel and Secretary, advised the Company of her decision to retire from the Company in 2013.

Effective November 5, 2012, Jeffrey S. Warren, Controller of Sealed Air Corporation, retired from the Company for personal reasons.

2012 Guidance

We have adjusted our full year 2012 guidance assumptions to reflect the classification of our Diversey operations in Japan as discontinued operations.

- net sales of approximately $7.7 billion from continuing operations, including $300 million of unfavorable foreign currency translation. This compares with prior guidance of $7.7 billion and an assumption of $400 million of unfavorable foreign currency translation;
- interest expense of $390 million, of which $320 million is cash interest expense. This compares with prior guidance of $380 million of interest expense, of which $320 million was cash interest. Guidance is revised to reflect the increased rate of amortization due to our prepayment of term loans;
- core tax rate of 29%. This compares with prior guidance of 30%;
- adjusted EPS of $0.90 to $1.00 from continuing operations, compared with prior guidance of $1.00 to $1.10.

Except for the changes noted above, our previous full year 2012 guidance assumptions referenced in our quarterly report on Form 10-Q have not changed. Adjusted EPS guidance excludes the payment of the W. R. Grace settlement, as the exact timing of the settlement is unknown. Final payment of the W. R. Grace settlement is expected to be accretive to adjusted EPS by approximately $0.13 annually following the payment date under the assumption of using a substantial portion of cash on hand for the payment and ceasing to accrue interest on the settlement amount. Additionally, our guidance excludes any non-operating gains or losses that may be recognized in 2012 due to currency fluctuations in Venezuela.

Highlights of Financial Performance

Below are highlights of our financial performance. On October 3, 2011, we completed the acquisition of Diversey. The financial results presented in this MD&A include the financial results of Diversey for the three and nine months ended September 30, 2012 and as of December 31, 2011. See Note 1, "Organization and Basis of Presentation," and Note 4, "Acquisition of Diversey Holdings, Inc.," for further details.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Net sales	$ 1,900.3	$ 1,247.1	52.4%	$ 5,670.3	$ 3,588.2	58.0%
Gross profit	$ 643.6	$ 335.7	91.7%	$ 1,893.0	$ 969.0	95.4%
As a % of net sales	*33.9%*	*26.9%*		*33.4%*	*27.0%*	
Operating (loss) profit	$ (1,191.0)	$ 129.9	#%	$ (999.5)	$ 382.0	#%
As a % of net sales	*(62.7)%*	*10.4%*		*(17.6)%*	*10.6%*	
Net (loss) earnings available to common stockholders from continuing operations	$ (1,238.3)	$ 73.7	#%	$ (1,267.3)	$ 198.4	#%
Net earnings available to common stockholders from discontinued operations, net of tax	$ 5.9	$ —	#%	$ 15.3	$ —	#%
Net (loss) earnings available to common stockholders	$ (1,232.4)	$ 73.7	#%	$ (1,252.0)	$ 198.4	#%
Net (loss) earnings available to common stockholders-diluted	$ (1,232.4)	$ 73.4	#%	$ (1,252.0)	$ 197.3	#%
Net (loss) earnings per common share:						
Basic:						
Continuing operations	$ (6.41)	$ 0.46	#%	$ (6.58)	$ 1.24	#%
Discontinued operations	0.03	—	#%	0.08	—	#%
Net (loss) earnings per common share—basic	$ (6.38)	$ 0.46	#%	$ (6.50)	$ 1.24	#%
Diluted:						
Continuing operations	$ (6.41)	$ 0.41	#%	$ (6.58)	$ 1.11	#%
Discontinued operations	0.03	—	#%	0.08	—	#%
Net (loss) earnings per common share—diluted	$ (6.38)	$ 0.41	#%	$ (6.50)	$ 1.11	#%
Weighted average number of common shares outstanding:						
Basic	193.2	159.3		192.7	159.1	
Diluted	193.2	177.9		192.7	177.5	
Non-U.S. GAAP adjusted diluted net earnings per common share—continuing operations(1)	$ 0.28	$ 0.48	(41.7)%	$ 0.62	$ 1.21	(48.8)%
Non-U.S. GAAP adjusted diluted net earnings per common share—discontinued operations(1)	$ 0.03	$ —	#%	$ 0.08	$ —	#%
Non-U.S. GAAP adjusted diluted net earnings per common share(1)	$ 0.31	$ 0.48	(35.4)%	$ 0.70	$ 1.21	(42.1)%

\# Denotes a variance greater than or equal to 100%.

(1) See "Diluted Net Earnings per Common Share" below for a reconciliation of our U.S. GAAP EPS to our non-U.S. GAAP adjusted EPS.

Diluted Net (Loss) Earnings per Common Share

The following table presents a reconciliation of our U.S. GAAP EPS to our non-U.S. GAAP Adjusted EPS.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012		2011 (1)		2012		2011 (1)	
	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net (loss) earnings and EPS available to common stockholders—continuing operations	**$(1,238.3)**	**$(6.41)**	**$ 73.7**	**$ 0.41**	**$(1,267.3)**	**$(6.58)**	**$ 198.4**	**$ 1.11**
Items excluded from the calculation of adjusted net earnings available to common stockholders and Adjusted EPS, net of taxes when applicable:								
Special items:								
Add: Impairment of goodwill and other intangible assets	1,262.0	6.53	—	—	1,262.0	6.55	—	—
Add: 2011-2014 Integration and Optimization Program restructuring charges	30.6	0.16	—	—	83.5	0.43	—	—
Add: Other restructuring charges	1.4	0.01	—	—	1.4	0.01	—	—
Add: Costs related to the acquisition of Diversey	0.9	—	16.3	0.09	3.3	0.02	22.1	0.12
Add: Gains from foreign currency forward contracts related to the closing of the acquisition of Diversey	—	—	(3.9)	(0.02)	—	—	(3.9)	(0.02)
Add: 2011-2014 Integration and Optimization Program associated costs	1.8	0.01	—	—	6.6	0.03	—	—
Add: Non-recurring associated costs from legacy Diversey restructuring programs	(0.5)	—	—	—	22.5	0.12	—	—
Add: Impairment of equity method investment and related provision for bad debt	—	—	—	—	18.3	0.09	—	—
Add: European manufacturing facility closure charges	0.1	—	—		0.1	—	0.2	—
Add: Foreign currency exchange losses related to Venezuelan subsidiary	0.1	—	—	—	0.2	—	0.2	—
Impact of dilutive shares on EPS calculation	—	(0.02)	—	—	—	(0.05)	—	—
Non-U.S. GAAP net earnings and related EPS available to common stockholders—continuing operations	**$ 58.1**	**$ 0.28**	**$ 86.1**	**$ 0.48**	**$ 130.6**	**$ 0.62**	**$ 217.0**	**$ 1.21**
Discontinued operations	5.9	0.03	—	—	15.3	0.08	—	—
Total Non-U.S. GAAP adjusted net earnings and adjusted EPS	**$ 64.0**	**$ 0.31**	**$ 86.1**	**$ 0.48**	**$ 145.9**	**$ 0.70**	**$ 217.0**	**$ 1.21**

(1) Our 2011 Adjusted EPS calculation has been revised to conform to our 2012 presentation. There was no material impact to our Adjusted EPS results due to this revision.

The following table details the tax effect on special items included above:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Impairment of goodwill and other intangibles	$ 72.3	$ —	$ 72.3	$ —
2011-2014 Integration and Optimization Program restructuring charges	6.0	—	25.9	—
Other restructuring charges	0.7	—	0.4	—
Costs related to the acquisition of Diversey	0.4	7.8	1.5	8.6
Gains from foreign currency forward contracts related to the closing of the acquisition of Diversey	—	(2.4)	—	(2.4)
2011-2014 Integration and Optimization Program associated costs	1.0	—	3.5	—
Non-recurring costs associated from legacy Diversey restructuring programs	—	—	(5.0)	—
Impairment of equity method investment and related provision for bad debt	—	—	7.5	—
European manufacturing facility closure charges	0.1	—	0.1	0.1
Foreign currency exchange losses related to Venezuelan subsidiary	0.1	—	0.1	0.1
Total	$ 80.6	$ 5.4	$ 106.3	$ 6.4

The discussions that follow provide further details about the material factors that contributed to the changes in our EPS in 2012 compared with 2011.

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Net Sales by Segment Reporting Structure

The following table presents net sales by our segment reporting structure.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Net sales:						
Food Packaging	**$ 509.8**	**$ 529.8**	**(4)%**	**$ 1,497.7**	**$ 1,506.6**	**(1)%**
As a % of net sales	*26.8%*	*42.5%*		*26.4%*	*42.0%*	
Food Solutions	**254.4**	**265.5**	**(4)**	**739.7**	**756.2**	**(2)**
As a % of net sales	*13.4%*	*21.3%*		*13.0%*	*21.1%*	
Protective Packaging	**344.0**	**361.2**	**(5)**	**1,034.2**	**1,049.8**	**(1)**
As a % of net sales	*18.1%*	*29.0%*		*18.2%*	*29.3%*	
Diversey	**698.5**	**—**	**#**	**2,113.6**	**—**	**#**
As a % of net sales	*36.8%*	*0%*		*37.3%*	*0%*	
Other	**93.6**	**90.6**	**3**	**285.1**	**275.6**	**3**
As a % of net sales	*4.9%*	*7.3%*		*5.0%*	*7.7%*	
Total	**$ 1,900.3**	**$ 1,247.1**	**52%**	**$ 5,670.3**	**$ 3,588.2**	**58%**

\# Denotes a variance greater than 100%.

Net Sales by Geographic Region

The following tables present our net sales by geographic region and the components of change in net sales by geographic region.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Net sales:						
U.S.	**$ 687.4**	**$ 564.8**	**22%**	**$ 2,025.2**	**$ 1,630.3**	**24%**
As a % of net sales	*36.2%*	*45.3%*		*35.7%*	*45.4%*	
International	**1,212.9**	**682.3**	**78%**	**3,645.1**	**1,957.9**	**86%**
As a % of net sales	*63.8%*	*54.7%*		*64.3%*	*54.6%*	
Total net sales	**$ 1,900.3**	**$ 1,247.1**	**52%**	**$ 5,670.3**	**$ 3,588.2**	**58%**

Change in net sales:

Three Months Ended September 30, 2012	**U.S.**		**International**		**Total Company**	
Volume—Units	$ 10.9	1.9%	$ 13.9	2.0%	$ 24.8	2.0%
Volume—Acquired businesses, net of (dispositions)	121.8	21.6	577.2	84.7	699.0	56.1
Product price/mix	(10.1)	(1.8)	6.1	0.9	(4.0)	(0.3)
Foreign currency translation	—	—	(66.6)	(9.8)	(66.6)	(5.3)
Total	$ 122.6	21.7%	$ 530.6	77.8%	$ 653.2	52.5%

Nine months Ended September 30, 2012	**U.S.**		**International**		**Total Company**	
Volume—Units	$ 24.7	1.5%	$ 26.1	1.3%	$ 50.8	1.4%
Volume—Acquired businesses, net of (dispositions)	361.6	22.2	1,754.5	89.6	2,116.1	59.0
Product price/mix	8.6	0.5	24.6	1.3	33.2	0.9
Foreign currency translation	—	—	(118.0)	(6.0)	(118.0)	(3.3)
Total	$ 394.9	24.2%	$ 1,687.2	86.2%	$ 2,082.1	58.0%

Foreign Currency Translation Impact on Net Sales

As shown above, 64% of our consolidated net sales in the three and nine months ended September 30, 2012 were generated outside the U.S. Since we are a U.S. domiciled company, we translate our foreign currency-denominated net sales into U.S. dollars. Due to the changes in the value of foreign currencies relative to the U.S. dollar, translating our net sales from foreign currencies to U.S. dollars may result in a favorable or unfavorable impact. The most significant currencies that affected the translation of our net sales and our other consolidated financial results in 2012 were the euro, the Australian dollar, the Brazilian real, the Canadian dollar, the British pound and the Japanese yen.

We experienced an unfavorable foreign currency translation impact on net sales of $67 million in the three months ended September 30, 2012 and $118 million in the nine months ended September 30, 2012 compared with the same periods of 2011. This was primarily due to the strengthening of the U.S. dollar against the euro and Brazilian real.

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Components of Change in Net Sales

The following table presents the components of change in net sales by our segment reporting structure as compared to the prior year. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as "constant dollar." We believe using constant dollar measures aids in the comparability between periods and assist us in understanding the core performance of our business. See Non-U.S. GAAP Information above for further discussion.

Three Months Ended September 30, 2012	Food Packaging		Food Solutions		Protective Packaging		Diversey		Other		Total Company	
Volume—Units	$ 9.9	1.9%	$ 6.0	2.3%	$ 1.6	0.4%	$ —	—%	$ 7.3	8.1%	$ 24.8	2.0%
Volume—Acquired businesses, net of (dispositions)	0.1	—	—	—	—	—	698.4	#	0.5	0.6	699.0	56.1
Product price/mix (1)	(0.1)	—	(2.7)	(1.0)	(3.7)	(1.0)	—	—	2.5	2.8	(4.0)	(0.3)
Foreign currency translation	(29.9)	(5.6)	(14.4)	(5.4)	(15.1)	(4.2)	—	—	(7.2)	(7.9)	(66.6)	(5.3)
Total change (U.S. GAAP)	**$(20.0)**	**(3.7)%**	**$(11.1)**	**(4.1)%**	**$(17.2)**	**(4.8)%**	**$ 698.4**	**#%**	**$ 3.1**	**3.6%**	**$ 653.2**	**52.5%**
Impact of foreign currency translation	29.9	5.6	14.4	5.4	15.1	4.2	—	—	7.2	7.9	66.6	5.3
Total constant dollar change (Non-U.S. GAAP)	**$ 9.9**	**1.9%**	**$ 3.3**	**1.3%**	**$ (2.1)**	**(0.6)%**	**$ 698.4**	**#%**	**$ 10.3**	**11.5%**	**$ 719.8**	**57.8%**

Nine Months Ended September 30, 2012	Food Packaging		Food Solutions		Protective Packaging		Diversey		Other		Total Company	
Volume—Units	$ 17.0	1.1%	$ 3.6	0.5%	$ 12.8	1.2%	$ —	—%	$ 17.4	6.3%	$ 50.8	1.4%
Volume—Acquired businesses, net of (dispositions)	0.7	—	—	—	—	—	2,113.6	#	1.8	0.7	2,116.1	59.0
Product price/mix (1)	25.1	1.7	5.0	0.7	(0.2)	—	—	—	3.3	1.2	33.2	0.9
Foreign currency translation	(51.7)	(3.4)	(25.1)	(3.3)	(28.2)	(2.7)	—	—	(13.0)	(4.7)	(118.0)	(3.3)
Total change (U.S. GAAP)	**$ (8.9)**	**(0.6)%**	**$(16.5)**	**(2.1)%**	**$(15.6)**	**(1.5)%**	**$2,113.6**	**#%**	**$ 9.5**	**3.5%**	**$2,082.1**	**58.0%**
Impact of foreign currency translation	51.7	3.4	25.1	3.3	28.2	2.7	—	—	13.0	4.7	118.0	3.3
Total constant dollar change (Non-U.S. GAAP)	**$ 42.8**	**2.8%**	**$ 8.6**	**1.2%**	**$ 12.6**	**1.2%**	**$2,113.6**	**#%**	**$ 22.5**	**8.2%**	**$2,200.1**	**61.3%**

(1) Our product price/mix reported above includes the net impact of our pricing actions and rebates as well as the period-to-period change in the mix of products sold. Also included in our reported product price/mix is the net effect of some of our customers purchasing our products in non-U.S. dollar or euro denominated countries at selling prices denominated in U.S. dollars or euros. This primarily arises when we export products from the U.S. and euro-zone countries. The impact to our reported product price/mix of these purchases in other countries at selling prices denominated in U.S. dollars or euros was not material in the periods included in the tables above.

\# Denotes a variance greater than 100%.

The following discussion of net sales is presented on a constant dollar basis.

Food Packaging Segment Net Sales

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $10 million, or 2%, constant dollar increase in net sales in 2012 compared with 2011 was primarily due to higher unit volumes in most regions from increased customer production rates for fresh red meat. Prior and current pricing actions were fully offset by an unfavorable mix of products sold, particularly in North America.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $43 million, or 3%, constant dollar increase in net sales in the 2012 compared with 2011 was primarily due to:

- favorable product price/mix in Latin America of $20 million, or 8%, primarily from the benefits of prior pricing actions that were implemented to offset rising raw material costs and from formula-based contractual price adjustments; and
- higher unit volumes in Latin America of $14 million due to increased customer production rates for fresh red meat.

Food Solutions Segment Net Sales

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $3 million, or 3%, constant dollar increase in net sales in 2012 compared with 2011 was primarily due to higher unit volumes in the U.S. of $8 million, or 8%, due to an increase in sales of our fluids packaging products in North America, partially offset by a decline in product price/mix of $3 million, or 1% in the same region.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $9 million, or 1%, constant dollar increase in net sales in 2012 compared with 2011 was primarily due to:

- favorable product price/mix in the U.S. of $3 million, or 1%, and in Latin America of $4 million, or 10%, both from the benefits of prior pricing actions that were implemented to offset rising raw material costs and from formula-based contractual price adjustments; and
- higher unit volumes in the U.S. of $10 million, or 4%, due to an increase in demand for our solutions as a result of higher customer production rates.

These factors were partially offset by a decline in unit volumes in Europe of $8 million, or 3%, due to lower customer production rates.

Protective Packaging Segment Net Sales

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $2 million, or 1%, constant dollar decrease in net sales in 2012 compared with 2011 was primarily due to a decline in product price/mix of $4 million, or 1%, primarily in the U.S. This decline was partially offset by an increase in unit volumes of $2 million, or 1%, in the U.S., due to an increase customer demand for products and solutions that support e-commerce applications.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $13 million, or 1%, constant dollar increase in net sales in 2012 compared with 2011 was primarily due to an increase in unit volumes of $16 million, or 3%, in the U.S., as a result of an increase demand for products and solutions that support e-commerce applications. This factor was partially offset by lower unit volumes in Europe of $7 million, or 2%, primarily due to lower customer demand reflecting the current economic challenges in the region.

Diversey Segment Net Sales

Three Months Ended September 30, 2012

Reported net sales were $698 million in 2012 and are included in the year over year comparison as volume — acquired businesses, net of (dispositions).

Nine months Ended September 30, 2012

Reported net sales were $2 billion in 2012 and are included in the year over year comparison as volume — acquired businesses, net of (dispositions).

Other Net Sales

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $10 million, or 12%, constant dollar increase in 2012 compared with the same period of 2011 was primarily due to higher unit volumes in our Medical Applications business due to expanded market presence in Europe and Asia-Pacific.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $23 million, or 8%, constant dollar increase in 2012 compared with the same period of 2011 was primarily due to higher unit volumes in our Medical Applications business, due to the same factors mentioned above.

Cost of Sales

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2012	2011	Change	2012	2011	Change
Cost of sales	$ 1,256.7	$ 911.4	37.9%	$ 3,777.3	$ 2,619.2	44.2%
As a % of net sales	66.1%	73.1%		66.6%	73.0%	

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $345 million increase in cost of sales in 2012 compared with 2011 was primarily due to the $390 million incremental impact of Diversey's cost of sales included in our results in the three months ended September 30, 2012 as a result of the acquisition of Diversey in the fourth quarter of 2011.

Cost of sales for the three months ended September 30, 2012 was also impacted by favorable foreign currency translation of $50 million. On a constant dollar basis, cost of sales was relatively flat.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $1.2 billion increase in cost of sales in 2012 compared with 2011 was primarily due to the $1.2 billion incremental impact of Diversey's cost of sales included in our results in the nine months ended September 30, 2012 as a result of the acquisition of Diversey in the fourth quarter of 2011.

Cost of sales for the nine months ended September 30, 2012 was also impacted by favorable foreign currency translation of $90 million. On a constant dollar basis, cost of sales decreased $60 million, including the impact of lower average raw material costs of $25 million.

Marketing, Administrative and Development Expenses

Marketing, administrative and development expense for the three and nine months ended September 30, 2012 and 2011 are included in the table below. The amounts for 2011 has been reclassified to conform to the 2012 presentation of these expenses as we now present the amortization of intangible assets as a separate line item on our condensed consolidated statement of operations.

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2012	2011	Change	2012	2011	Change
Marketing, administrative and development expenses	$429.2	$179.4	#%	$1,343.8	$549.0	#%
As a % of net sales	*22.6%*	*14.4%*		*23.7%*	*15.3%*	

\# Denotes a variance greater than 100%.

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $250 million increase in marketing, administrative and development expenses in 2012 compared with 2011 was primarily due to the $251 million incremental impact of Diversey's marketing, administrative and development expenses included in our results in the three months ended September 30, 2012 as a result of the acquisition of Diversey in the fourth quarter of 2011. These expenses for the three months ended September 30, 2012 were also impacted by favorable foreign currency translation of $10 million. On a constant dollar basis, these expenses increased $9 million, including the impact of higher bad debt expense of $3 million and the impact of higher costs to support the increase in net sales mentioned above.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $795 million increase in marketing, administrative and development expenses in 2012 compared with 2011 was primarily due to the $796 million incremental impact of Diversey's marketing, administrative and development expenses included in our results in the nine months ended September 30, 2012 as a result of the acquisition of Diversey in the fourth quarter of 2011. These expenses for the nine months ended September 30, 2012 were also impacted by favorable foreign currency translation of $17 million. On a constant dollar basis, these expenses increased $22 million including the impact of higher costs to support the increase in net sales mentioned above.

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Amortization of Intangible Assets

Amortization of intangible assets for the three and nine months ended September 30, 2012 and 2011 were as follows:

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Amortization of intangible assets	$ 33.0	$ 2.5	#%	$ 99.5	$ 7.5	#%
As a % of net sales	*1.7%*	*0.2%*		*1.8%*	*0.2%*	

# Denotes a variance greater than 100%.

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The $31 million increase in amortization of intangible assets expenses in 2012 compared with 2011 was primarily due to the $29 million incremental impact of Diversey's amortization of intangible assets, as a result of the acquisition of Diversey in the fourth quarter of 2011.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The $92 million increase in amortization of intangible assets expenses in 2012 compared with 2011 was primarily due to the $90 million incremental impact of Diversey's amortization of intangible assets, as a result of the acquisition of Diversey in the fourth quarter of 2011.

Impairment of Goodwill and Other Intangible Assets

In the three months ended September 30, 2012, we recorded an estimated pre-tax impairment charge of $1,334 million on the goodwill ($1,145 million) and trademark intangible asset ($189 million) related to our Diversey segment. See Note 8, "Goodwill and Identifiable Intangible Assets," for information of the events and circumstances that lead to this impairment

Costs Related to the Acquisition of Diversey

We recorded transaction and integration costs directly related to the acquisition of Diversey of $1 million in the three months ended September 30, 2012 and $5 million in the nine months ended September 30, 2012. These costs primarily consist of professional and consulting fees. As discussed above, we have excluded these costs from our Adjusted EPS calculations in 2012. See Note 4, "Acquisition of Diversey Holdings, Inc.," for further discussion of the acquisition.

Restructuring Activities

2011-2014 Integration and Optimization Program

In December 2011, we initiated a restructuring program associated with the integration of Diversey's business following our acquisition of Diversey on October 3, 2011. The program primarily consists of (i) reduction in headcount, (ii) consolidation of facilities, and (iii) supply chain network optimization, and (iv) certain other capital expenditures. This program is expected to be completed by the end of 2014.

See Note 10, "Restructuring Activities," for further discussion of the charges and liabilities associated with this program.

The actual timing of future costs and cash payments related to this program are subject to change due to a variety of factors that may cause a portion of the costs, spending and benefits to occur later expected. In addition, changes in foreign exchange rates may impact future costs, spending and benefits.

European Principal Company

In May 2011, before the acquisition of Diversey, Diversey management approved, subject to successful works council consultations, plans to reorganize its European operations to function under a centralized management and supply chain model. We completed the reorganization on May 3, 2012 and the EPC, based in the Netherlands, is now centrally managing Diversey's European operations. Diversey's European subsidiaries are executing sales and distribution locally, and local production companies are acting as toll manufacturers.

As part of the planning for this reorganization, we recognized associated costs of $1 million in the three months ended September 30, 2012 and $12 million in the nine months ended September 30, 2012. These costs are included in marketing, administrative and development expenses in the condensed consolidated statements of operations.

We anticipate benefits from this reorganization to come from lower overhead costs from a centralized management and supply chain model as well as other possible savings. We anticipate additional associated and/or restructuring costs in 2012 and net benefits to begin in 2013. The amount and timing of costs and benefits is subject to change due to a variety of factors such as the overall profitability of Diversey's European business, administrative efficiency, and foreign currency exchange translation.

Operating Profit

Management evaluates the performance of each reportable segment based on its operating profit, which is detailed in the table below.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Food Packaging	**$ 68.5**	**$ 75.4**	**(9.2)%**	**$ 174.8**	**$ 200.3**	**(12.7)%**
As a % of Food Packaging net sales	*13.4%*	*14.2%*		*11.7%*	*13.3%*	
Food Solutions	**31.9**	**29.4**	**8.5%**	**84.7**	**74.0**	**14.5%**
As a % of Food Solutions net sales	*12.5%*	*11.1%*		*11.5%*	*9.8%*	
Protective Packaging	**48.5**	**48.5**	**—%**	**137.8**	**134.8**	**2.2%**
As a % of Protective Packaging net sales	*14.1%*	*13.4%*		*13.3%*	*12.8%*	
Diversey	**29.6**	**—**	**#%**	**42.8**	**—**	**#%**
As a % of Diversey net sales	*4.2%*	*—%*		*2.0%*	*—%*	
Other	**2.9**	**0.5**	**#%**	**9.6**	**3.4**	**#%**
As a % of Other net sales	*3.1%*	*0.6%*		*3.4%*	*1.2%*	
Total segments and other	**181.4**	**153.8**	**17.9%**	**449.7**	**412.5**	**9.0%**
As a % of net sales	*9.5%*	*12.3%*		*7.9%*	*11.5%*	
Impairment of goodwill and other intangible assets related to the Diversey segment	1,334.3	—	#	1,334.3	—	#
Costs related to the acquisition of Diversey	1.3	24.1	#	4.8	30.7	#
Restructuring and other charges (1)	36.8	(0.2)	#	110.1	(0.2)	#
Operating (loss) profit	**$ (1,191.0)**	**$ 129.9**	**#%**	**(999.5)**	**$ 382.0**	**#%**
As a % of net sales	*(62.7)%*	*10.4%*		*(17.6)%*	*10.6%*	

# Denotes a variance greater than or equal to 100%.
(1) Restructuring and other charges by business segment was primarily in our Diversey segment in the three and nine months ended September 30, 2012.

Food Packaging Segment Operating Profit

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The 9% decline in Food Packaging's operating profit was primarily attributable the unfavorable impact of the mix of products sold, which also contributed to under absorption of manufacturing costs in the period.

Nine Months Ended September 30, 2012 Compared With the Same Period of 2011

The 13% decline in Food Packaging's operating profit was primarily due to the following items, which occurred in the first half of 2012:

- unfavorable impact of a negotiated labor agreement in Argentina of $5 million;
- certain costs associated with manufacturing consolidation activities of $4 million, including additional expenses related to maintenance, employee training and start-up inefficiencies; and
- higher bad debt provisions of $2 million, including $1 million related to the receivables balances included in the impairment of equity method investment in a joint venture.

Food Solutions Segment Operating Profit

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

The 9% increase in Food Solutions' operating profit was primarily due to the impact of lower raw material costs, which also contributed to the increase in this segment's operating profit as a percentage of net sales to 13% from 11%.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The 15% increase in Food Solutions' operating profit was primarily due to the impact of favorable product price/mix mentioned above, which also contributed to the increase in this segment's operating profit as a percentage of net sales to 12% from 10%.

Protective Packaging Segment Operating Profit

Three Months Ended September 30, 2012 Compared With the Same Period of 2011

Protective Packaging's operating profit was flat.

Nine months Ended September 30, 2012 Compared With the Same Period of 2011

The 2% increase in Protective Packaging's operating profit was primarily due to the favorable impact of increased net sales discussed above.

Diversey Segment Operating Profit

Our Diversey segment reported a $30 million operating profit in the three months ended September 30, 2012 and a $43 million operating profit in the nine months ended September 30, 2012.

In addition to the results of Diversey mentioned above, the segment's operating profit results also reflected the following items:

- amortization of intangible assets of $29 million in the three months ended September 30, 2012 and $90 million in the nine months ended September 30, 2012; and
- charges related to prior restructuring programs of $18 million in nine months ended September 30, 2012, including associated costs related to the EPC of $12 million in the nine months ended September 30, 2012. These costs were not material in the three months ended September 30, 2012.

In the three months ended September 30, 2012, we recorded an estimated pre-tax charge of $1,334 million for impairment on the goodwill and trademark related to this segment. See Note 9, "Goodwill and Other Intangible Assets," for further details.

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Interest Expense

Interest expense includes the stated interest rate on our outstanding debt, as well as the net impact of capitalized interest, the effects of interest rate swaps and the amortization of capitalized senior debt issuance costs, bond discounts, and terminated treasury locks.

The following table details our interest expense.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
Interest expense on the amount payable for the Settlement agreement	$ 11.4	$ 10.8	6	$ 34.3	$ 32.4	6
Interest expense on our senior notes:						
5.625% Senior Notes due July 2013	5.3	5.1	4	15.9	15.5	3
12% Senior Notes due February 2014	3.8	3.6	6	11.4	10.9	5
Term Loan A due October 2016	8.4	—	#	26.4	—	#
7.875% Senior Notes due June 2017	8.3	8.3	—	25.0	24.9	—
Term Loan B due October 2018	16.7	—	#	50.0	—	#
8.125% Senior Notes due September 2019	15.6	—	#	46.7	—	#
8.375% Senior Notes due September 2021	15.9	—	#	47.8	—	#
6.875% Senior Notes due July 2033	7.7	7.7	—	23.2	23.2	—
Revolving credit facility	1.0	—	#	3.0	—	#
Other interest expense	4.0	2.3	74	11.4	6.5	75
Less: capitalized interest	(1.6)	(1.2)	(33)	(3.9)	(2.9)	(34)
Total	$ 96.5	$ 36.6	#	$ 291.2	$ 110.5	#

# Denotes a variance greater than 100%.

Other Income (Expense), net

See Note 18, “Other Income (Expense), net,” for the components and details of other expense, net and discussion of our impairment of equity method investment.

Income Taxes

Our loss before income taxes from continuing operations for the three month and nine month periods ended September 30, 2012 was reduced by an income tax benefit of $48 million and $55 million, respectively (an effective income tax benefit rate of 4% in each period). The tax benefit for the three month and nine month periods was 4% because our net loss resulted from an impairment charge, substantially all of which related to non-deductible goodwill, with no corresponding tax benefit. Our core tax rate for the three month and nine month periods was 32% and 28%, respectively. Our tax provision for both the three month and nine month periods benefitted from earnings in jurisdictions with low tax rates and losses in jurisdictions, such as the U.S., with high tax rates, as well as favorable settlements of certain tax disputes totaling $2 million in the three months ended September 30, 2012 and $12 million in the nine months ended September 30, 2012. The favorable factors were partially offset by losses in jurisdictions where we did not have any tax benefit due to the applicable tax rate or valuation allowances.

Our effective income tax rate was 26% for the three months ended September 30, 2011 and 27% for the nine months ended September 30, 2011. For both the three month and nine month periods ended September 30, 2011, our effective income tax rate was lower than the statutory U.S. federal income tax rate of 35% primarily due to our lower net effective income tax rate on foreign earnings, our domestic manufacturing deduction and certain U.S. tax credits, partially offset by state income taxes and non-deductible acquisition costs related to our acquisition of Diversey.

We expect a loss before income taxes from continuing operations for the 2012 year as a result of the non-deductible goodwill impairment charge with a nominal tax benefit. We currently anticipate a core tax rate of approximately 29% for 2012. Our final core rate for the year may be higher or lower than our core rate for the nine months ended September 30, 2012 depending on, among other factors, our mix of foreign earnings and losses.

Our effective tax rate also depends on the realization of our deferred tax assets, net of our valuation allowances. We have deferred tax assets related to the Settlement agreement, other accruals not yet deductible for tax purposes, foreign tax credits, U.S. and foreign net operating loss carry forwards and investment tax allowances, employee benefit items, and other items. Our largest deferred tax asset relates to our Settlement agreement as defined in Note 15, “Commitments and Contingencies.”

We have established valuation allowances to reduce our deferred tax assets to an amount that is more likely than not to be realized. Our ability to utilize our deferred tax assets depends in part upon our ability to generate future taxable income during the periods in which these temporary differences reverse or our ability to carry back any losses created by the deduction of these temporary differences. We expect to realize these assets over an extended period. If we are unable to generate sufficient future taxable income in the U.S. and certain foreign jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. Our tax benefit with respect to the Settlement agreement may be significantly reduced resulting in an increased tax expense if the funding of the Settlement agreement occurs later than 2013 or the price of our common stock at the time of funding of the Settlement agreement is less than $17.86 per share. These conditions could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods in which these conditions occur. In addition, changes in statutory tax rates or other new legislation or regulation may change our deferred tax assets or liability balances, with either favorable or unfavorable impact on our effective tax rate.

Liquidity and Capital Resources

The information in this section sets forth material changes in and updates to material information contained in the Liquidity and Capital Resources section of our MD&A set forth in Item 7 of Part II of our 2011 Annual Report on Form 10-K and should be read in conjunction with that discussion.

Material Commitments and Contingencies

Settlement Agreement and Related Costs

We recorded a pre-tax charge of $850 million in 2002, of which $513 million represents a cash payment that we are required to make (subject to the satisfaction of the terms and conditions of the Settlement agreement) upon the effectiveness of a plan of reorganization in the bankruptcy of W. R. Grace & Co. We did not use cash in any period with respect to this liability.

We currently expect to fund a substantial portion of this payment when it becomes due by using accumulated cash and cash equivalents with the remainder from our committed credit facilities. Our new Credit Facility is available for general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement. See "Principal Sources of Liquidity" below. The cash payment of $513 million accrues interest at a 5.5% annual rate, which is compounded annually, from December 21, 2002 to the date of payment. This accrued interest was $352 million at September 30, 2012 and is recorded in Settlement agreement and related accrued interest on our condensed consolidated balance sheet. The total liability on our condensed consolidated balance sheet was $866 million at September 30, 2012. In addition, the Settlement agreement provides for the issuance of 18 million shares of our common stock. Since the impact of issuing these shares is dilutive to our EPS, under U.S. GAAP, they are included in our diluted weighted average number of common shares outstanding in our calculation of EPS if the impact of including these shares is dilutive. See Note 17, "Net (Loss) Earnings Per Common Share," for details of our calculation of EPS.

Tax benefits resulting from the anticipated funding of the Settlement agreement were recorded as a $397 million deferred tax asset on our condensed consolidated balance sheet as of September 30, 2012. This deferred tax asset reflects the cash portion of the Settlement agreement and related accrued interest and the value of the 18 million shares of our common stock at the post-split price of $17.86 per share, which was the price when the Settlement agreement was reached in 2002. The amount and timing of our future potential cash tax benefits could vary depending on when we fund the Settlement agreement, the amount of cash we pay and various facts and circumstances at the time of funding under the Settlement agreement, including the price of our common stock, our tax position and the applicable tax codes. For example, our cash tax benefit may be significantly reduced if the funding of the Settlement agreement occurs later than anticipated or the price of our common stock at the time of funding is less than $17.86 per share. In addition, our ability to utilize this deferred tax asset depends in part upon our future operating results. We expect to realize this asset over an extended period. If we are unable to generate sufficient U.S. taxable income we could be required to increase our valuation allowance against this deferred tax asset and we may not realize the full cash tax benefit relating to this asset. This could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods in which these conditions occur. Changes in statutory tax rates or other new legislation or regulation may also change our deferred tax assets or liability balances, with either favorable or unfavorable impact on our effective tax rate.

While the Bankruptcy Court and the District Court have confirmed the PI Settlement Plan, parties have appealed or otherwise challenged the PI Settlement Plan and the opinions and orders entered by the Bankruptcy Court and the District Court confirming the PI Settlement Plan. These matters may be subject to further appeal, challenge, and proceedings before the District Court, the Third Circuit Court of Appeals, or other courts. Parties have designated various issues to be considered in challenging the PI Settlement Plan and the opinions and orders entered by the Bankruptcy Court and the District Court, including (without limitation) issues relating to releases and injunctions contained in the PI Settlement Plan. We will continue to review the Grace bankruptcy proceedings (including appeals and other proceedings relating to the PI Settlement Plan or to the opinions and orders entered by the Bankruptcy Court and the District Court confirming the PI Settlement Plan), as well as any amendments or other changes to the PI Settlement Plan or to the opinions and orders entered by the Bankruptcy Court and the District Court confirming the PI Settlement Plan, to verify compliance with the Settlement agreement. We do not know whether or when a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) will become effective or whether the final plan will be consistent with the terms of the Settlement agreement.

As mentioned in "2012 Guidance" above, our full year 2012 diluted net earnings per common share guidance continues to exclude the payment under the Settlement agreement, as the timing is unknown. Payment under the Settlement agreement is expected to be accretive to our post-payment diluted net earnings per common share by approximately $0.13 annually. This amount primarily represents the accretive impact on our net earnings from ceasing to accrue any future interest on the settlement amount following the payment.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 15, "Commitments and Contingencies," is incorporated herein by reference.

Principal Sources of Liquidity

We require cash to fund our operating expenses, capital expenditures, interest, taxes and dividend payments and to pay our debt obligations and other long-term liabilities as they come due. Our principal sources of liquidity are cash flows from operations, accumulated cash and amounts available under our existing lines of credit described below, including the Credit Facility, and our accounts receivable securitization program.

We believe that our current liquidity position and future cash flows from operations will enable us to fund our operations, including all of the items mentioned above, and the cash payment under the Settlement agreement should it become payable within the next 12 months. We also are aligning our core business and in the process of a portfolio rationalization, which could generate up to $500 million of cash, including the proceeds from the sale of our Diversey operations in Japan, by the third quarter of 2013 and create an opportunity to accelerate deleveraging.

In connection with the funding of the cash consideration for the acquisition and the repayment of existing indebtedness of Diversey, and to provide ongoing liquidity, on October 3, 2011, we entered into the Credit Facility. See Note 11, "Debt and Credit Facilities," for further details.

We intend to amend and restate our Credit Facility. The proposed changes provide that (i) the term loan B facilities will be refinanced and the interest margins on such loans will decrease, (ii) the Japanese term loan A facility will be refinanced on substantially the same terms, (iii) the financial maintenance covenant of Consolidated Net Debt to Consolidated EBITDA (as defined in the Credit Facility) will be adjusted to provide additional flexibility for the Company and (iv) other amendments to be agreed will be implemented. There can be no assurance that such amendment will occur or that the terms of the amendment will be as we intend. Additionally, if we judge market conditions to be favorable, we intend to refinance certain of our existing notes through new debt financings in the near future, although there can be no assurance that such refinancings will occur at all or will occur on terms favorable to us.

Cash and Cash Equivalents

The following table summarizes our cash and cash equivalents.

	September 30, 2012	December 31, 2011
Cash and cash equivalents	$ 540.8	$ 703.6

See "Analysis of Historical Cash Flows" below.

Over the past five years, our legacy business and Diversey's legacy business has generated higher cash flows from operations in the second half of the year as compared with the first half of the year.

Lines of Credit

Our Credit Facility may be used for working capital needs and general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement. We did not use our Credit Facility in the nine months ended September 30, 2012 and there were no amounts outstanding under the Credit Facility at September 30, 2012 and December 31, 2011. See Note 11, "Debt and Credit Facilities," for further details.

Accounts Receivable Securitization Program

At September 30, 2012, we had $118 million available to us under the program, and we did not utilize this program in 2012. See Note 9, "Accounts Receivable Securitization Program," for information concerning this program.

Covenants

At September 30, 2012, we were in compliance with our financial covenants and limitations, as discussed in "Covenants" of Note 11, "Debt and Credit Facilities."

Debt Ratings

Our cost of capital and ability to obtain external financing may be affected by our debt ratings, which the credit rating agencies review periodically. The table below details our credit ratings by rating agency.

	Moody's Investor Services	Standard & Poor's
Corporate Rating	Ba3	BB-
Senior Unsecured Rating	B1	BB-
Senior Secured Credit Facility Rating	Ba1	BB
Outlook	Stable	Stable

These credit ratings are considered to be below investment grade. If our credit ratings are downgraded, there could be a negative impact on our ability to access capital markets and borrowing costs could increase. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

Analysis of Historical Cash Flows

The following table shows the changes in our consolidated cash flows.

	Nine Months Ended September 30	
	2012	2011
Net cash provided by operating activities from continuing operations	$ 64.7	$ 277.0
Net cash used in investing activities from continuing operations	(97.1)	(71.4)
Net cash used in financing activities from continuing operations	(156.1)	(84.4)

Net Cash Provided by Operating Activities from Continuing Operations

Nine Months Ended September 30, 2012

Net cash provided by operating activities from continuing operations was $65 million in 2012. Net loss adjusted for non-cash items was $276 million, which included depreciation and amortization of $231 million and share-based incentive compensation of $32 million. Changes in operating assets and liabilities resulted in net cash usage of $211 million primarily due to the following:

- increase in inventories, net of $89 million, primarily due to our seasonal increases mainly in North America and Latin America; and
- a decrease in operating assets and liabilities of $122 million, primarily due to:
  - a decrease in receivables, net, of $63 million, primarily due to normal seasonal trends; and
  - an increase in accounts payable of $17 million due to timing of payments.

Nine Months Ended September 30, 2011

Net cash provided by operating activities from continuing operations in 2011 was primarily attributable to net earnings adjusted to reconcile to net cash provided by operating activities of $356 million, which primarily includes adjustments for depreciation and amortization, costs related to the acquisition of Diversey and share-based incentive compensation expenses. Net cash provided by changes in operating assets and liabilities resulted in a net cash use of $79 million in 2011. This net cash use was primarily due to an increase in cash used for inventories of $91 million and cash used for receivables, net, of $22 million. The higher inventory level reflected the rise in average petrochemical-based raw material costs in 2011 and a build up in inventories in anticipation of increased sales volumes from normal seasonality in some of our businesses. The increase in cash used for receivables was consistent with our constant dollar net sales growth in 2011. These factors were partially offset by cash provided by income taxes payable and accounts payable, primarily due to the timing of payments.

Net Cash Used in Investing Activities from Continuing Operations

Nine Months Ended September 30, 2012

Net cash used in investing activities from continuing operations in 2012 primarily consisted of capital expenditures of $98 million, including $8 million used in connection with our 2011-2014 Integration and Optimization Program.

Nine Months Ended September 30, 2011

Net cash used in investing activities from continuing operations in 2011 primarily consisted of capital expenditures of $78 million primarily for the maintenance of property, plant and equipment, productivity improvements and capacity expansions to support the growth in net sales.

Net Cash Used in Financing Activities from Continuing Operations

Nine Months Ended September 30, 2012

Net cash used in financing activities from continuing operations in 2012 was $156 million primarily for prepayments of our 2013 term loan installments of $89 million and dividends paid on our common stock of $76 million.

Nine Months Ended September 30, 2011

Net cash used in financing activities from continuing operations in 2011 was primarily due to the following:

- the cash payment of quarterly dividends of $62 million; and
- the acquisition of 0.5 million shares of common stock with a fair market value of $13 million that were withheld from employees to satisfy their minimum tax withholding obligations under our 2005 contingent stock plan.

Changes in Working Capital

	September 30, 2012	December 31, 2011	Decrease
Working capital (current assets less current liabilities)	$ 566.1	$ 844.0	$(277.9)
Current ratio (current assets divided by current liabilities)	1.2x	1.3x	
Quick ratio (current assets, less inventories divided by current liabilities)	0.9x	1.0x	

The $278 million, or 33%, decrease in working capital in the nine months ended September 30, 2012 was primarily due to the classification of current maturity of long-term debt, cash used to pay for non-current items, including $183 million of cash used for the prepayments of our term loan installments and net cash used for investing activities.

Changes in Stockholders' Equity

The $1,252 million, or 42%, decrease in stockholders' equity in the nine months ended September 30, 2012 was primarily due to the decrease in retained earnings of $1,328 million, which reflects our net loss, including the estimated impairment charge related to goodwill and other intangible assets of $1,262 million, net of taxes, we recorded in the third quarter of 2012.

Derivative Financial Instruments

Interest Rate Swaps

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 12, "Derivatives and Hedging Activities," under the caption "Interest Rate Swaps" is incorporated herein by reference.

Foreign Currency Forward Contracts

At September 30, 2012, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 12, "Derivatives and Hedging Activities," is incorporated herein by reference.

For further discussion about these contracts and other financial instruments, see Part I, Item 3, "Quantitative and Qualitative Disclosures about Market Risk."

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in our 2011 Annual Report on Form 10-K. For a discussion of our critical accounting policies and estimates, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in Part II, Item 7 of our 2011 Annual Report on Form 10-K, which information is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in the conditions in the global financial markets, interest rates, foreign currency exchange rates and commodity prices and the creditworthiness of our customers and suppliers, which may adversely affect our consolidated financial condition and results of operations. We seek to minimize these risks through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not purchase, hold or sell derivative financial instruments for trading purposes.

Interest Rates

From time to time, we may use interest rate swaps, collars or options to manage our exposure to fluctuations in interest rates.

At September 30, 2012, we had no outstanding interest rate swaps, outstanding collars or options.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 12, "Derivatives and Hedging Activities," under the caption "Interest Rate Swaps" is incorporated herein by reference.

See Note 13, "Fair Value Measurements and Other Financial Instruments," for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical 10% increase in interest rates would result in a decrease of $116 million in the fair value of the total debt balance at September 30, 2012. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount or any related interest of such debt.

Foreign Exchange Rates

Operations

As a large, global organization, we face exposure to changes in foreign currency exchange rates. These exposures may change over time as business practices evolve and could materially impact our consolidated financial condition and results of operations in the future. See our MD&A above for the impacts foreign currency translation had on our operations.

Venezuela

Economic events in Venezuela have exposed us to heightened levels of foreign currency exchange risk.

The potential future impact to our consolidated financial condition and results of operations for bolivar-denominated transactions will depend on our access to U.S. dollars and on the exchange rates in effect when we enter into, remeasure and settle transactions. Therefore, it is difficult to predict the future impact until each transaction settles at its applicable exchange rate or is remeasured into U.S. dollars.

For the nine months ended September 30, 2012, less than 2% of our consolidated net sales and operating income were derived from our businesses in Venezuela. As of September 30, 2012, we had net assets of $37 million in Venezuela, which primarily consisted of cash and cash equivalents of $29 million. Also, as of September 30, 2012, our Venezuelan subsidiaries had a negative cumulative translation adjustment balance of $52 million.

Foreign Currency Forward Contracts

We use foreign currency forward contracts to fix the amounts payable or receivable on some transactions denominated in foreign currencies. A hypothetical 10% adverse change in foreign exchange rates at September 30, 2012 would have caused us to pay approximately $46 million to terminate these contracts. Based on our overall foreign exchange exposure, we estimate this change would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Our foreign currency forward contracts are described in Note 12, "Derivatives and Hedging Activities," which information is incorporated herein by reference.

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure to changes in foreign exchange rates and interest rate and currency swaps related to certain financing transactions. These instruments can potentially limit foreign exchange exposure and limit or adjust interest rate exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At September 30, 2012, we had no foreign exchange options or interest rate and currency swap agreements outstanding.

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $625 million at September 30, 2012 and $674 million at December 31, 2011.

Customer Credit

We are exposed to credit risk from our customers. In the normal course of business we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an allowance for doubtful accounts for estimated losses resulting from the failure of our customers to make required payments. An additional allowance may be required if the financial condition of our customers deteriorates. The allowance for doubtful accounts is maintained at a level that management assesses to be appropriate to absorb estimated losses in the accounts receivable portfolio.

Our customers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Our provision for bad debt expense was $5 million in the three months ended September 30, 2012, $1 million in the three months ended September 30, 2011, $12 million for the nine months ended September 30, 2012 and $5 million for the nine months ended September 30, 2011. The allowance for doubtful accounts was $23 million at September 30, 2012 and $16 million at December 31, 2011.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that our employees accumulate this information and communicate it to our management, including our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as appropriate, to allow timely decisions regarding the required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only "reasonable assurance" of achieving the desired control objectives, and management necessarily must apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under Rule 13a-15. Our management, including our Chief Executive Officer and Chief Financial Officer, supervised and participated in this evaluation. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the "reasonable assurance" level.

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting during the three months ended September 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 15, "Commitments and Contingencies," which is incorporated herein by reference. See also Part I, Item 3, "Legal Proceedings," of our Annual Report on Form 10-K, as subsequently updated by our Quarterly Reports on Form 10-Q for the fiscal year ended December 31, 2011 as well as the information incorporated by reference in that item.

Item 1A. Risk Factors.

See Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Company's 2011 Annual Report on Form 10-K. Except as required by the federal securities law, we undertake no obligation to update or revise any risk factor, whether as a result of new information, future events or otherwise.

If the Settlement agreement (as defined in Note 15, "Commitments and Contingencies") is not implemented, we will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace. We do not control the timing of the cash payment required from us under the Settlement agreement. We are also a defendant in a number of asbestos-related actions in Canada arising from Grace's activities in Canada prior to the 1998 transaction.

On March 31, 1998, Sealed Air completed a multi-step transaction (the "Cryovac transaction") involving Grace which brought the Cryovac packaging business and the former Sealed Air Corporation's business under the common ownership of the Company. As part of that transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction (including asbestos-related liabilities), other than liabilities relating to Cryovac's operations, and agreed to indemnify the Company with respect to such retained liabilities. Since 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, the Company is responsible for the alleged asbestos liabilities of Grace and its subsidiaries. While they vary, these suits all appear to allege that the transfer of the Cryovac business was a fraudulent transfer or gave rise to successor liability. On April 2, 2001, Grace and certain of its subsidiaries filed for Chapter 11 relief in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). In connection with Grace's Chapter 11 case, the Bankruptcy Court issued orders dated May 3, 2001 and January 22, 2002, staying all asbestos actions against the Company. However, the official committees appointed to represent asbestos claimants in Grace's Chapter 11 case (the "Committees") received the court's permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc. based upon the Cryovac transaction. This proceeding was brought in the U.S. District Court for the District of Delaware (the "District Court") (Adv. No. 02-02210).

On November 27, 2002, we reached an agreement in principle with the Committees to resolve the fraudulent transfer proceeding and all current and future asbestos-related claims made against us and our affiliates in connection with the Cryovac transaction. The Settlement agreement will also resolve the fraudulent transfer claims and successor liability claims, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies in connection with the Cryovac transaction. The parties to the agreement in principle signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On June 27, 2005, the Bankruptcy Court signed an order approving the definitive Settlement agreement. Although Grace is not a party to the Settlement agreement, under the terms of the order, Grace is directed to comply with the Settlement agreement subject to limited exceptions. On September 19, 2008, Grace, the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants' Representative, and the Official Committee of Equity Security Holders (the "Equity Committee") filed, as co-proponents, a plan of reorganization (as filed and amended from time to time, the "PI Settlement Plan") and several exhibits and associated documents, including a disclosure statement (as filed and amended from time to time, the "PI Settlement Disclosure Statement"), with the Bankruptcy Court. As filed, the PI Settlement Plan would provide for the establishment of two asbestos trusts under Section 524(g) of the United States Bankruptcy Code to which present and future asbestos-related claims would be channeled. The PI Settlement Plan also contemplates that the terms of our definitive Settlement agreement will be incorporated into the PI Settlement Plan and that we will pay the amount contemplated by that agreement.

On January 31, 2011, the Bankruptcy Court entered a memorandum opinion (the "Bankruptcy Court Opinion") overruling certain objections to the PI Settlement Plan. On the same date, the Bankruptcy Court entered an order regarding confirmation of the PI Settlement Plan (the "Bankruptcy Court Confirmation Order"). As entered on January 31, 2011, the Bankruptcy Court Confirmation Order contained recommended findings of fact and conclusions of law, and recommended that the District Court approve the Confirmation Order, and that the District Court confirm the PI Settlement Plan and issue a channeling injunction under Section 524(g) of the Bankruptcy Code. Thereafter, on February 15, 2011, the Bankruptcy Court issued an order clarifying the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order (the "Clarifying Order"). Among other things, the Clarifying Order provided that any references in the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order to a recommendation that the District Court confirm the PI Settlement Plan were thereby amended to make clear that the PI Settlement Plan was confirmed and that the Bankruptcy Court was requesting that the District Court issue and affirm the Confirmation Order including the injunction under Section 524(g) of the Bankruptcy Code. On March 11, 2011, the Bankruptcy Court entered an order granting in part and denying in part a motion to reconsider the Bankruptcy Court Opinion filed by BNSF Railway Company (the "March 11 Order"). Among other things, the March 11 Order amended the Bankruptcy Court Opinion to clarify certain matters relating to objections to the PI Settlement Plan filed by BNSF.

Various parties appealed or otherwise challenged the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order, including without limitation with respect to issues relating to releases and injunctions contained in the PI Settlement Plan.

On January 30, 2012, the District Court issued a memorandum opinion (the "Original District Court Opinion") and confirmation order (the "Original District Court Confirmation Order") overruling all objections to the PI Settlement Plan and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). On February 3, 2012, Garlock Sealing Technologies LLC ("Garlock") filed a motion (the "Garlock Reargument Motion") with the District Court requesting that the District Court grant reargument, rehearing, or otherwise amend the Original District Court Opinion and the Original District Court Confirmation Order insofar as they overruled Garlock's objections to the PI Settlement Plan. On February 13, 2012, the Company, Cryovac, and Fresenius Medical Care Holdings, Inc. filed a joint motion (the "Sealed Air/Fresenius Motion") with the District Court. The Sealed Air/Fresenius Motion did not seek to disturb confirmation of the PI Settlement Plan but requested that the District Court amend and clarify certain matters in the Original District Court Opinion and the Original District Court Confirmation Order. Also on February 13, 2012, Grace and the other proponents of the PI Settlement Plan filed a motion (the "Plan Proponents' Motion") with the District Court requesting certain of the same amendments and clarifications sought by the Sealed Air/Fresenius Motion. On February 27, 2012, certain asbestos claimants known as the "Libby Claimants" filed a response to the Sealed Air/Fresenius Motion and the Plan Proponents' Motion (the "Libby Response"). The Libby Response did not oppose the Sealed Air/Fresenius Motion or the Plan Proponents' Motion but indicated, among other things, that: (a) the Libby Claimants had reached a settlement in principle of their objections to the PI Settlement Plan but that this settlement had not become effective and (b) the

Libby Claimants reserved their rights with respect to the PI Settlement Plan pending the effectiveness of the Libby Claimants' settlement. On April 20, 2012, as part of a more global settlement, Grace filed a motion with the Bankruptcy Court seeking, among other things, approval of settlements with the Libby Claimants and BNSF. The settlements with the Libby Claimants and BNSF were approved by order of the Bankruptcy Court dated June 6, 2012. Thereafter, the appeals of the Libby Claimants and BNSF with respect to the PI Settlement Plan were dismissed by orders of the United States Court of Appeals for the Third Circuit (the "Third Circuit Court of Appeals") dated September 24, 2012 and October 4, 2012. The District Court held a hearing on May 8, 2012, to consider the Garlock Reargument Motion. On May 29, 2012, Anderson Memorial Hospital ("Anderson Memorial") filed a motion seeking relief from, and reconsideration of, the Original District Court Opinion and the Original District Court Confirmation Order (the "Anderson Relief Motion"). In the Anderson Relief Motion, Anderson Memorial argued that a May 18, 2012, decision by the Third Circuit Court of Appeals in a case called Wright v. Owens-Corning undermined the District Court's conclusion that (a) the PI Settlement Plan was feasible and (b) the asbestos property damage injunction and trust included in the PI Settlement Plan were appropriate. Objections to the Anderson Relief Motion were filed by Grace and the other proponents of the PI Settlement Plan, and by the representative of future asbestos property damage claimants appointed in the Grace bankruptcy proceedings. On June 11, 2012, the District Court entered a consolidated order (the "Consolidated Order") granting the Sealed Air/Fresenius Motion, the Plan Proponents' Motion, and the Garlock Reargument Motion, and providing for amendments to the Original District Court Opinion and the Original District Court Confirmation Order. Although the Consolidated Order granted the Garlock Reargument Motion, it did not constitute the District Court's agreement with Garlock's objections to the PI Settlement Plan, which the District Court continued to overrule. Also on June 11, 2012, the District Court entered an amended memorandum opinion (the "Amended District Court Opinion") and confirmation order (the "Amended District Court Confirmation Order") overruling all objections to the PI Settlement Plan, reflecting amendments described in the Consolidated Order, and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). Thereafter, on July 23, 2012, the District Court issued a memorandum opinion and an order denying the Anderson Relief Motion. Parties have appealed the Amended District Court Opinion and the Amended District Court Confirmation Order to the Third Circuit Court of Appeals.

If it becomes effective, the PI Settlement Plan may implement the terms of the Settlement agreement, but there can be no assurance that this will be the case notwithstanding the confirmation of the PI Settlement Plan by the Bankruptcy Court and the District Court. The terms of the PI Settlement Plan remain subject to amendment. Moreover, the PI Settlement Plan is subject to the satisfaction of a number of conditions which are more fully set forth in the PI Settlement Plan and include, without limitation, the availability of exit financing and the approval of the PI Settlement Plan becoming final and no longer subject to appeal. Parties have appealed the Amended District Court Confirmation Order to the Third Circuit Court of Appeals or otherwise challenged the Amended District Court Opinion and the Amended District Court Confirmation Order. Matters relating to the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, and the Bankruptcy and Amended District Court Confirmation Orders may be subject to further appeal, challenge, and proceedings before the District Court, the Third Circuit Court of Appeals, or other courts. Parties have designated various issues to be considered in challenging the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, or the Bankruptcy and Amended District Court Confirmation Orders, including, without limitation, issues relating to releases and injunctions contained in the PI Settlement Plan.

Although Grace publicly indicated its intent to seek to emerge from bankruptcy before the appeals are fully and finally resolved, it subsequently indicated that it was not able to receive the necessary consents and waivers to do so, including from the Company. Grace has further indicated that, with an appeals process before the Third Circuit Court of Appeals, its target date to emerge from bankruptcy is the fourth quarter of 2013; however, there can be no assurance that this timing for emergence will be correct. Consistent with our Settlement agreement, we are prepared to pay the Settlement amount directly to the asbestos trusts to be established under section 524(g) of the Bankruptcy Code once the conditions of the Settlement agreement are fully satisfied. Among those conditions is that approval of an appropriate Grace bankruptcy plan – containing all releases, injunctions, and protections required by the Settlement agreement – be final and not subject to any appeal. Given the pending appeals (which include, without limitation, challenges to the injunctions and releases in the PI Settlement Plan), the condition that approval of the PI Settlement Plan be final and not subject to any appeal has not been satisfied at this time. The Company has not waived this, or any other, condition of the Settlement agreement nor can there be any assurance that each of the parties whose consent or waiver is required for Grace to emerge from bankruptcy while the appeals are pending will provide such consent or waiver.

While the Bankruptcy Court and the District Court have confirmed the PI Settlement Plan, we do not know whether or when the Third Circuit Court of Appeals will affirm the Amended District Court Confirmation Order or the Amended District Court Opinion, whether or when the Bankruptcy and Amended District Court Opinions or the Bankruptcy and Amended District Court Confirmation Orders will become final and no longer subject to appeal, or whether or when a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court and the District Court, and does become effective, we do not know whether the final plan of reorganization will be consistent with the terms of the Settlement agreement or if the other conditions to our obligation to pay the Settlement agreement amount will be met. If these conditions are not satisfied or not waived by us, we will not be obligated to pay the amount contemplated by the Settlement agreement. However, if we do not pay the Settlement agreement amount, we and our affiliates will not be released from the various claims against us. We will continue to review and monitor the progress of the Grace bankruptcy proceedings (including appeals and other proceedings relating to the PI Settlement Plan, the Bankruptcy and Amended District Court Opinions, and the Bankruptcy and Amended District Court Confirmation Orders), as well as any amendments or changes to the PI Settlement Plan or to Bankruptcy and Amended District Court Opinions and Confirmation Orders, to verify compliance with the Settlement agreement.

If the Settlement agreement does not become effective, either because Grace fails to emerge from bankruptcy or because Grace does not emerge from bankruptcy with a plan of reorganization that is consistent with the terms of the Settlement agreement, then we and our affiliates will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us and our affiliates noted above, and all of these claims would remain pending and would have to be resolved through other means, such as through agreement on alternative settlement terms or trials. In that case, we could face liabilities that are significantly different from our obligations under the Settlement agreement. We cannot estimate at this time what those differences or their magnitude may be. In the event these liabilities are materially larger than the current existing obligations, they could have a material adverse effect on our consolidated financial condition or results of operations.

Since November 2004, the Company and specified subsidiaries have been named as defendants in a number of cases, including a number of putative class actions, brought in Canada as a result of Grace's alleged marketing, manufacturing or distributing of asbestos or asbestos containing products in Canada prior to the Cryovac transaction in 1998. Grace has agreed to defend and indemnify us and our subsidiaries in these cases. The Canadian cases are currently stayed. A global settlement of these Canadian claims to be funded by Grace has been approved by the Canadian court, and the PI Settlement Plan provides for payment of these claims. We do not have any positive obligations under the Canadian settlement, but we are a beneficiary of the release of claims. The release in favor of the Grace parties (including us) will become operative upon the effective date of a plan of reorganization in Grace's United States Chapter 11 bankruptcy proceeding. As filed, the PI Settlement Plan contemplates that the claims released under the Canadian settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. As indicated above, the Bankruptcy Court entered the Bankruptcy Court Confirmation Order on January 31, 2011 and the Clarifying Order on February 15, 2011 and the District Court entered the Original District Court Confirmation Order on January 30, 2012 and the Amended District Court Confirmation Order on June 11, 2012. The Canadian

Court issued an Order on April 8, 2011 recognizing and giving full effect to the Bankruptcy Court's Confirmation Order in all provinces and territories of Canada in accordance with the Bankruptcy Court Confirmation Order's terms. Notwithstanding the foregoing, the PI Settlement Plan has not become effective, and we can give no assurance that the PI Settlement Plan (or any other plan of reorganization) will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court and the District Court, and does become effective, if the final plan of reorganization does not incorporate the terms of the Canadian settlement or if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify us and our subsidiaries in these cases, then we could be required to pay substantial damages, which we cannot estimate at this time and which could have a material adverse effect on our consolidated financial condition or results of operations.

For further information concerning these matters, see Note 15, "Commitments and Contingencies."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Issuer Purchases of Equity Securities

The table below sets forth the total number of shares of our common stock, par value $0.10 per share, that we repurchased in each month of the quarter ended September 30, 2012, the average price paid per share and the maximum number of shares that may yet be purchased under our publicly announced plans or programs.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Share Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
	(a)	(b)	(c)	(d)
Balance as of June 30, 2012				15,546,142
July 1, 2012 through July 31, 2012	3,109	—	—	15,546,142
August 1, 2012 through August 31, 2012	8,600	—	—	15,546,142
September 1, 2012 through September 30, 2012	—	—	—	15,546,142
Total	11,709	$ —	—	15,546,142

(1) We did not purchase any shares during the quarter ended September 30, 2012 pursuant to our publicly announced program (described below). We did acquire shares by means of (a) shares withheld from awards under our 2005 contingent stock plan pursuant to the provision thereof that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (b) shares reacquired pursuant to the forfeiture provision of our 2005 contingent stock plan. (See table below.) We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable, including commissions. For shares withheld for tax withholding obligations or other legally required charges, we withhold shares at a price equal to their fair market value. We do not make payments for shares reacquired by the Company pursuant to the forfeiture provision of the 2005 contingent stock plan as those shares are simply forfeited.

Period	Shares withheld for tax obligations and charges	Average withholding price for shares in column "a"	Forfeitures under 2005 Contingent Stock Plan	Total
	(a)	(b)	(c)	(d)
July 2012	3,109	$ 15.54	—	3,109
August 2012	—	—	8,600	8,600
September 2012	—	—	—	—
Total	3,109		8,600	11,709

On August 9, 2007, we announced that our Board of Directors had approved a share repurchase program authorizing us to repurchase in the aggregate up to 20 million shares of our issued and outstanding common stock (described further under the caption, "Repurchases of Capital Stock," in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II Item 7 of our Annual Report on Form 10-K). This program has no set expiration date. This program replaced our prior share repurchase program, which we terminated at that time.

Item 5. Other Information.

Departure of Directors or Certain Officers.

Effective November 5, 2012, Jeffrey S. Warren, Controller of Sealed Air Corporation, retired from the Company for personal reasons.

Amendment to Articles of Incorporation or Bylaws.

Effective September 1, 2012, the Board of Directors of the Company amended the Company's by-laws to: (a) add a chair of the board position; and (b) grant the chair of the board the right to call special meetings and emergency meetings of the board of directors. The Amended and Restated By-laws are attached to this Quarterly Report on Form 10-Q as Exhibit 3.2.

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Item 6. Exhibits.

Exhibit Number	Description
2.1	Equity Interest Purchase Agreement, dated as of October 30, 2012, by and between Sealed Air Corporation, Sealed Air Netherlands Holdings V B.V., and DC Co., Ltd. (Exhibit 2.1 to the Company's Current Report on Form 8-K, Date of Report October 30, 2012, File No. 1-12139, is incorporated herein by reference.)
3.1	Unofficial Composite Amended and Restated Certificate of Incorporation of the Company as currently in effect. (Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
3.2	Amended and Restated By-Laws of the Company as currently in effect.
3.3	Amendment to Amended and Restated By-Laws of the Company.
10.1	Employment Agreement, dated August 28, 2012 between Jerome A. Peribere and the Company. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report August 29, 2012, File No. 1-12139, is incorporated herein by reference.)
31.1	Certification of William V. Hickey pursuant to Rule 13a-14(a), dated November 9, 2012.
31.2	Certification of Carol P. Lowe pursuant to Rule 13a-14(a), dated November 9, 2012.
32	Certification of William V. Hickey and Carol P. Lowe, pursuant to 18 U.S.C. § 1350, November 9, 2012.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be "filed" or part of any registration statement or other document filed for purposes of Sections 11 or 12 of the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURE

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 9, 2012

By: /s/ Carol P. Lowe

Carol P. Lowe
Senior Vice President and Chief Financial Officer (Duly Authorized Executive Officer and Principal Financial Officer)

Exhibit 3.2

AMENDED AND RESTATED BY-LAWS
OF
SEALED AIR CORPORATION
As amended September 1, 2012

ARTICLE 1

OFFICES

SECTION 1.01. *Registered Office*. The registered office and registered agent of the Corporation shall be in Wilmington, Delaware.

SECTION 1.02. *Other Offices.* The Corporation may also have offices at such other places within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

SECTION 2.01. *Place of Meetings*. Meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting delivered to stockholders. The Board of Directors may, in its sole discretion, determine that a meeting shall not be held at any place, but may instead be held solely by means of remote communication in accordance with Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL").

SECTION 2.02. *Annual Meetings*. Annual meetings of stockholders shall be held on such date and at such time as shall be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. At each annual meeting, the stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03. *Notice of Annual Meetings*. Written notice of the annual meeting, stating the place (if any), date and time of the meeting and the means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting shall be given to each stockholder entitled to vote thereat not less than ten (10) nor more than sixty (60) days before the date of the meeting.

SECTION 2.04. *List of Stockholders*. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for ten (10) days prior to the meeting, either (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the Corporation. If the meeting is to be held at a place, the list of stockholders must be open to examination at the meeting as required by applicable law. If the meeting is to be held solely by means of remote communication, the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise required by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.04 or to vote in person or by proxy at any meeting of stockholders.

SECTION 2.05. *Special Meetings*. Special meetings of the stockholders may be called by the chair of the board, by the chief executive officer or by resolution of the Board of Directors and, subject to the procedures set forth in this Section, shall be called by the chief executive officer or the secretary at the request in writing of stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by the Board of Directors. The Board of Directors may postpone fixing the time and date of a special meeting to be held at the request of stockholders in order to allow the secretary to determine the validity of such request, *provided,* that if such request is determined to be valid, then the Board of Directors shall fix the date of such special meeting to be no later than ninety (90) days after such determination. For the purposes of these By-laws, the term "Voting Stock" shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 2.06. *Notice of Special Meetings*. Written notice of a special meeting of stockholders, stating the place (if any), date and time of the meeting, the means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called shall be given by the secretary to each stockholder entitled to vote thereat, not less than ten (10) nor more than sixty (60) days before the date fixed for the meeting.

SECTION 2.07. *Business Transacted*. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 2.08. *Quorum; Adjournment of Meetings*. Except as otherwise provided by statute or the Certificate of Incorporation, the holders of a majority of the voting power of the then outstanding Voting Stock entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting until a quorum shall be present or represented. Either the presiding officer at any meeting of the stockholders or the holders of a majority of the voting power of the then outstanding Voting Stock entitled to vote at the meeting, present in person or represented by proxy, may adjourn the meeting regardless of whether a quorum is present. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place (if any) thereof and the means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meetings are announced at the meeting at which the adjournment is taken. At any adjourned meeting, any business may be transacted that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

SECTION 2.09. *Vote Required*. When a quorum is present at any meeting of stockholders, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy at the meeting and entitled to vote shall decide any questions brought before such meeting, except as otherwise provided by Section 3.01 of these By-laws or by statute or the Certificate of Incorporation.

SECTION 2.10. *Voting; Proxies*. Except as otherwise provided by statute or the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Such proxy to vote must be filed with the secretary of the meeting or his or her representative or otherwise delivered telephonically or electronically as set forth in the applicable proxy statement, at or before the time of the meeting as required by the inspectors of elections.

SECTION 2.11. *Inspectors of Election*. In advance of any meeting of the stockholders, the Board of Directors or the presiding officer of such meeting shall appoint two or more inspectors of election to act at such meeting or at any adjournments thereof and make a written report thereof. One or more persons may also be designated by the Board of Directors or such presiding officer as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of such meeting shall appoint one or more inspectors to act at such meeting. No director or nominee for the office of director at such meeting shall be appointed an inspector of election. Each inspector, before entering on the discharge of the inspector's duties, shall first take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such person's ability. The inspectors of election shall, in accordance with the requirements of the DGCL, (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period and file with the secretary of the meeting a record of the disposition of any challenges made to any determination by the inspectors, and (v) make and file with the secretary of the meeting a certificate of their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

SECTION 2.12. *Notice of Stockholder Nomination and Stockholder Business.* At a meeting of the stockholders only such persons who are nominated in accordance with the procedures set forth in this Section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws.

Nominations of persons for election to the Board of Directors (“Nomination”) and the proposal of business to be considered by the stockholders at an annual meeting or at a special meeting (“Proposal of Business”) may be made at such meeting only: (i) pursuant to the Corporation’s notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who is entitled to vote at the meeting who complies with the notice provision set forth in this Section and who was a stockholder of record at the time of giving such notice and at the time of the meeting (this clause (iii) shall be the exclusive means for a stockholder to make nominations or submit other business other than matters properly brought under Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and included in the Corporation’s notice of meeting).

In addition to the requirements set forth below in this Section, a stockholder seeking to make a Nomination or Proposal of Business before an annual meeting or special meeting shall promptly provide to the Corporation any other information reasonably requested by the Corporation.

(a) Notice of Stockholder Nomination

A notice of the intent of a stockholder to make a Nomination before an annual meeting or special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) must be made in writing and timely. To be timely, such notice must be received by the secretary as follows: (i) with respect to an annual meeting of stockholders that is within thirty (30) days prior or sixty (60) days after the first anniversary of the date of the Corporation’s prior year’s annual meeting, no earlier than the 120th day and no later than the close of business on the 90th day prior to the first anniversary of the date of the Corporation’s prior year’s annual meeting; and (ii) with respect to any other annual meeting of stockholders or a special meeting of stockholders, no later than the tenth (10th) day following the day on which the date of such meeting is publicly disclosed. In no event shall the public announcement of an adjournment or postponement of an annual meeting or special meeting commence a new time period (or extend any time period) for the giving of a stockholder’s notice as described above. Any notice meeting the requirements of this paragraph shall be considered “Timely Notice.”

Notice of intent by a stockholder to make a Nomination shall be accompanied by the written consent of each person nominated by the stockholder (“Nominee”) to be named in a proxy statement as a nominee for election as a director and to serve as a director of the Corporation if so elected. Every such notice of intent by a stockholder shall set forth:

(I) the name and address of the stockholder, as they appear on the Corporation’s books, who intends to make a Nomination and of the beneficial owner, if any, on whose behalf the Nomination is made;

(II) a representation that the stockholder is a holder of the Corporation’s Voting Stock (indicating the class and number of shares of the Corporation’s Voting Stock that are owned beneficially and of record by such stockholder and by the beneficial owner) and intends to appear in person or by proxy at the meeting to make the Nomination;

(III) whether and the extent to which any hedging or other transactions or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights and any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, the stockholder or the beneficial owner with respect to any share of stock of the Corporation, and a commitment that the stockholder will notify the Corporation in writing of any such transaction, agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

(IV) a representation whether the stockholder intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation’s outstanding shares required to approve the Nomination or otherwise to solicit proxies from stockholders in support of the Nomination (collectively, items (I)-(IV), the “Notice of Intent Requirements”); and

(V) a description of all agreements, arrangements or understandings (whether written or oral) among the stockholder or the beneficial owner and each Nominee and any other person or persons (naming such person or persons) pursuant to which the Nomination is to be made by the stockholder, such other information regarding each Nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the Nomination been made by the Board of Directors and a representation that the stockholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed.

(b) Notice of Stockholder Business

A notice of the intent of a stockholder to make a Proposal of Business before a meeting must be made with Timely Notice. Every notice of intent by a stockholder for a Proposal of Business shall set forth: (i) the Notice of Intent Requirements, except that for purposes of this Section (b), the phrase “Proposal of Business” shall be substituted for “Nomination,” (ii) a description of the matter, including the complete text of any resolutions intended to be presented at the meeting, and in the event that such business includes a proposal to amend the By-laws of the Corporation, the language of the proposed amendment, the reasons for bringing up such matter at the meeting, any personal or other material interest of the stockholder or the beneficial owner in the matter, and all agreements, arrangements or understandings (whether written or oral) between the stockholder or the beneficial owner and any other person or persons (including their names) in connection with the proposal of such matter by the stockholder, and (iii) a representation that the stockholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed.

(c) Additional Requirements

Except as otherwise provided by law or by the Certificate of Incorporation, the presiding officer of the meeting shall have the power and authority to determine whether a Nomination or Proposal of Business to be brought before the meeting by a stockholder was made or proposed, as the case may be, in accordance with the procedures set forth in this Section and whether such matter is an appropriate subject for stockholder action under applicable law, and, if it was not, to declare that such Proposal of Business or Nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section. Nothing in this Section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation. Notwithstanding the foregoing provisions of this Section, unless otherwise required by law, if the stockholder does not appear at the annual meeting or special meeting of stockholders of the Corporation to present a Nomination or a Proposal of Business, such Nomination shall be disregarded and such Proposal of Business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

ARTICLE 3

DIRECTORS

SECTION 3.01. *Number and Term of Office*. Subject to the rights of the holders of any series or class of stock to elect directors under specified circumstances as provided by the Certificate of Incorporation, the number of directors that shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors, but no decrease in the number of directors effected by any such resolution shall change the term of any director in office at the time that any such resolution is adopted. Except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these By-laws, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any annual meeting or any other meeting of stockholders for the election of directors at which a quorum is present, provided that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section, a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director. If a director is not elected, the director shall offer to resign from the Board of Directors. The Nominating and Corporate Governance Committee of the Board of Directors will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will consider and act on the Committee’s recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director who offers his or her resignation will not participate in the Committee’s or the Board of Directors’ decision. Each director shall hold office until a successor is elected and qualified or until such director’s earlier resignation or removal. Directors need not be stockholders.

SECTION 3.02. *Newly Created Directorships and Vacancies*. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each director so chosen shall hold office until the next annual meeting of stockholders and until a successor is duly elected and qualified or until such director’s earlier resignation or removal. A vacancy in the Board of Directors shall be deemed to exist under this Section in the case of the death, removal or resignation of any director, or if the stockholders fail at any meeting of stockholders at which directors are to be elected to elect the number of directors then constituting the whole Board of Directors.

SECTION 3.03. *Authority*. The business of the Corporation shall be managed by or under the direction of its Board of Directors, which shall exercise all such powers of the Corporation, subject to the restrictions imposed by law, the Certificate of Incorporation or these By-laws.

SECTION 3.04. *Place of Meeting*. The Board of Directors or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 3.05. *Annual Meeting*. A regular meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of stockholders. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 3.06. *Regular Meetings*. Except as provided in Section 3.05, regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

SECTION 3.07. *Special Meetings*. Special meetings of the Board of Directors may be called by the chair of the board, the chief executive officer or the president and shall be called by the chief executive officer or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex, electronic mail or other means of "electronic transmission" as defined in Section 232(c) of the DGCL.

SECTION 3.08. *Emergency Meetings*. In the event of an emergency that, in the judgment of the chair of the board, the chief executive officer or the president or any two directors, requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.09. *Quorum; Vote Required*. At meetings of the Board of Directors, a majority of the directors at the time in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3.10. *Organization*. The Board of Directors may elect one of its members to be chair of the board and may fill any vacancy in such position at such time and in such manner as the Board of Directors shall determine. The chair of the board may but need not be an officer of or employed in an executive or other capacity by the Corporation. The chair of the board shall preside at meetings of the Board of Directors and lead the Board of Directors in fulfilling its responsibilities as defined in Section 3.03. If there should be no chair of the board, the chief executive officer shall preside at meetings of the Board of Directors.

SECTION 3.11. *Committees*. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these By-laws, subject to any limitations set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless the Board of Directors designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

SECTION 3.12. *Minutes of Committee Meetings*. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board of Directors, shall report the same to the Board of Directors.

SECTION 3.13. *Action Without a Meeting*. Unless otherwise restricted by law, the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 3.14. *Participation by Conference Telephone*. The members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

SECTION 3.15. *Compensation of Directors*. The directors may be paid their expenses of attendance at each meeting of the Board of Directors or of any special or standing committee thereof. The Board of Directors may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board of Directors, and for attending meetings of the Board of Directors or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4

NOTICES

SECTION 4.01. *Method of Notice*. Whenever notice is required by law, the Certificate of Incorporation or these By-laws to be given to any director, committee member or stockholder, personal notice shall not be required and any such notice may be given in writing (a) by mail, addressed to such director, committee member or stockholder at his or her address as it appears on the books of the Corporation, or (b) by any other method permitted by law (including, but not limited to, overnight courier service, facsimile, electronic mail or other means of electronic transmission). Any notice given by mail shall be deemed to have been given at the time when deposited in the United States mail. Any notice given by overnight courier service shall be deemed to have been given when delivered to such service.

SECTION 4.02. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 5

OFFICERS

SECTION 5.01. *Selection of Officers*. The officers of the Corporation shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders and shall be a chief executive officer, who shall be a director, a president, one or more vice presidents and a secretary. The Board of Directors may appoint such other officers, assistant officers and agents as it may determine. Any number of offices may be held by the same person.

SECTION 5.02. *Powers and Duties in General*. The officers, assistant officers and agents shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control and limitation by the Board of Directors, as is designated by these By-laws and as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board of Directors.

SECTION 5.03. *Term of Office; Removal*. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Each officer shall hold office until a successor is elected and qualified or until such officer’s earlier resignation or removal. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

SECTION 5.04. *Chief Executive Officer*. The chief executive officer of the Corporation shall preside at all meetings of the stockholders, shall have the responsibility for the general and active management and control of the affairs and business of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

SECTION 5.05. *President*. The president, who may also be the chief executive officer of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of president or which are delegated to the president by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. In the absence or disability of the chief executive officer, the president shall perform the duties and exercise the powers of the chief executive officer. The president shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized.

SECTION 5.06. *Vice Presidents*. The vice presidents shall act under the direction of the chief executive officer and in the absence or disability of both the chief executive officer and the president shall perform the duties and exercise the powers of the chief executive officer. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more executive or senior vice presidents or may otherwise specify the order of seniority of the vice presidents, and in that event the duties and powers of the chief executive officer shall descend to the vice presidents in such specified order of seniority.

SECTION 5.07. *Secretary*. The secretary shall act under the direction of the chief executive officer. Subject to the direction of the chief executive officer, the secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings in a book to be kept for that purpose, and the secretary shall perform like duties for the standing committees of the Board of Directors when requested to do so. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, shall have charge of the original stock books, stock transfer books and stock ledgers of the Corporation, and shall perform such other duties as may be prescribed by the chief executive officer or the Board of Directors. The secretary shall have custody of the seal of the Corporation and cause it to be affixed to any instrument requiring it, and when so affixed, it may be attested by the secretary's signature. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature.

SECTION 5.08. *Assistant Secretaries*. The assistant secretaries in order of their seniority, unless otherwise determined by the chief executive officer or the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

ARTICLE 6

CERTIFICATES OF STOCK

SECTION 6.01. *Issuance*. The stock of the Corporation shall be represented by certificates, *provided* that the Board of Directors may provide by resolution for any or all of the stock to be uncertificated shares. Notwithstanding any resolution by the Board of Directors providing for uncertificated shares, every holder of stock in the Corporation represented by certificates and, upon request, every holder of uncertificated shares in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chair or vice chair of the board, if any, or the president or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation.

SECTION 6.02. *Facsimile Signatures*. If a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. The seal of the Corporation or a facsimile thereof may, but need not, be affixed to certificates of stock.

SECTION 6.03. *Lost Certificates, Etc*. The Corporation may establish procedures for the issuance of a new certificate of stock in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed and may in connection therewith require, among other things, the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and the giving by such person to the Corporation of a bond in such sum as may be specified pursuant to such procedures as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 6.04. *Transfer*. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation, the By-laws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

SECTION 6.05. *Registered Stockholders*. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.06. *Record Date for Consents*. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix, in advance, a record date, which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days after the receipt of such request and no prior action by the Board of Directors is required by applicable law, then the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its headquarters office to the attention of the secretary. Delivery shall be by hand or certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action. The Board of Directors may postpone action by written consent in order to allow the secretary to conduct a reasonable and prompt investigation to ascertain the legal sufficiency of the consents. The secretary may designate an independent inspector of election to conduct such investigation.

SECTION 6.07. *Record Dates*. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 7
MISCELLANEOUS

SECTION 7.01. *Declaration of Dividends*. Dividends upon the shares of the capital stock of the Corporation may be declared and paid by the Board of Directors from the funds legally available therefor. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation.

SECTION 7.02. *Reserves*. The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for such purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve.

SECTION 7.03. *Fiscal Year*. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 7.04. *Corporate Seal*. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 7.05. *Resignations*. Any director, committee member or officer may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect when such notice is given unless the notice specifies (a) a later effective date, or (b) an effective date determined upon the happening of an event or events, such as the failure to receive the required vote for reelection as a director and the acceptance of such resignation by the Board of Directors. Unless otherwise specified in the notice of resignation, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 7.06. *Severability*. If any provision of these By-laws is held to be illegal, invalid, unenforceable or in conflict with the provision of the Certificate of Incorporation, such provision shall be fully separable and the remaining provisions of these By-laws shall remain in full force and effect.

ARTICLE 8

INDEMNIFICATION

SECTION 8.01. *In General*. Any person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation or for its benefit as a director, officer, employee or agent of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in or pursuant to the DGCL, as amended from time to time, from and against any and all expenses, liabilities and losses (including without limitation attorney's fees, judgments, fines and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers, employees, agents or representatives may have or hereafter acquire and, without limiting the generality of the foregoing, they shall be entitled to their respective rights of indemnification under any by-law, agreement, vote of stockholders or the Board of Directors, provision of law or otherwise, as well as their rights under this Article.

SECTION 8.02. *Insurance*. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity, or arising out of such status, whether or not the Corporation would have the power to indemnify such person against such liability.

SECTION 8.03. *Additional Indemnification*. The Board of Directors may from time to time adopt further by-laws with respect to indemnification and may amend these By-laws and such by-laws to provide at all times the fullest indemnification permitted by the DGCL, as amended from time to time.

ARTICLE 9

AMENDMENTS

SECTION 9.01. *By the Stockholders*. Except as otherwise provided by statute or the Certificate of Incorporation, these By-laws may be amended by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class at any annual or special meeting of the stockholders, *provided* that notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 9.02. *By the Board of Directors*. The Board of Directors by a majority vote of the whole Board of Directors at any meeting may amend these By-laws, including by-laws adopted by the stockholders, but the stockholders may, except as otherwise provided by statute or the Certificate of Incorporation, from time to time specify particular provisions of the By-laws which shall not be amended by the Board of Directors.

Exhibit 3.3

AMENDMENT TO AMENDED AND RESTATED BY-LAWS
OF
SEALED AIR CORPORATION

The By-Laws of Sealed Air Corporation were amended, effective as of September 1, 2012, as follows:

SECTION 2.05. ***Special Meetings***. Special meetings of the stockholders may be called by the chair of the board, by the chief executive officer ~~or the president~~ or by resolution of the Board of Directors and, subject to the procedures set forth in this Section, shall be called by the chief executive officer or the secretary at the request in writing of stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by the Board of Directors. The Board of Directors may postpone fixing the time and date of a special meeting to be held at the request of stockholders in order to allow the secretary to determine the validity of such request, *provided*, that if such request is determined to be valid, then the Board of Directors shall fix the date of such special meeting to be no later than ninety (90) days after such determination. For the purposes of these By-laws, the term “Voting Stock” shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, “Voting Stock” shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 3.07. ***Special Meetings***. Special meetings of the Board of Directors may be called by the chair of the board, the chief executive officer or the president and shall be called by the chief executive officer or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex, electronic mail or other means of “electronic transmission” as defined in Section 232(c) of the DGCL.

SECTION 3.08. ***Emergency Meetings***. In the event of an emergency that, in the judgment of the chair of the board, the chief executive officer or the president or any two directors, requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.10. ***Organization***. The Board of Directors may elect one of its members to be chair of the board and may fill any vacancy in such position at such time and in such manner as the Board of Directors shall determine. The chair of the board may but need not be an officer of or employed in an executive or other capacity by the Corporation. The chair of the board shall preside at meetings of the Board of Directors and lead the Board of Directors in fulfilling its responsibilities as defined in Section 3.03. If there should be no chair of the board, the ~~The~~ chief executive officer shall preside at meetings of the Board of Directors.

CERTIFICATIONS

I, William V. Hickey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sealed Air Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2012

/s/ William V. Hickey

William V. Hickey
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Carol P. Lowe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sealed Air Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2012

/s/ Carol P. Lowe

Carol P. Lowe
Senior Vice President and Chief Financial Officer

EXHIBIT 32

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Sealed Air Corporation (the "Company") for the quarterly period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William V. Hickey, and I, Carol P. Lowe, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2012

By: /s/ William V. Hickey
Name: William V. Hickey
Title: *Chief Executive Officer*

Date: November 9, 2012

By: /s/ Carol P. Lowe
Name: Carol P. Lowe
Title: *Senior Vice President and Chief Financial Officer*