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 June 30, 2017

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)**
2415 Cascade Pointe Boulevard Charlotte, North Carolina	**28208**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (980) 221-3235

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	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 190,031,346 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of July 31, 2017.

Cautionary Notice Regarding Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. The Securities and Exchange Commission (“SEC”) encourages companies to disclose forward-looking statements so that investors can better understand a company’s future prospects and make informed investment decisions. Forward-looking statements are subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Therefore, you should not rely on any of these forward-looking 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 references to future periods. 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. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results, expectations regarding the results of restructuring and other programs, anticipated levels of capital expenditures and expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the tax benefits associated with the Settlement agreement (as defined in our Annual Report on Form 10-K for the year ended December 31, 2016), global economic and political conditions, changes in our credit ratings, changes in raw material pricing and availability, changes in energy costs, competitive conditions, the success of the sale of the Diversey Care division and food hygiene and cleaning business (together “Diversey”), the success of our restructuring activities, currency translation and devaluation effects, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, the success of new product offerings, the effects of animal and food-related health issues, pandemics, consumer preferences, environmental matters, regulatory actions and legal matters, and the other information referenced in Part I, Item IA, "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the Securities and Exchange Commission, and as revised and updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-U.S. GAAP Information

We present financial information that conforms to Generally Accepted Accounting Principles in the United States of America (“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. 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. See Note 4, “Segments” of the Notes to Consolidated Financial Statements and our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for reconciliations of our U.S. GAAP financial measures to non-U.S. GAAP. Information reconciling forward-looking U.S. GAAP measures to non-U.S. GAAP measures is not available without unreasonable effort.

Our management may assess our financial results both on a U.S. GAAP basis and on a non-U.S. GAAP basis. 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 that we consider to be certain specified items ("Special Items"), such as restructuring charges, charges related to ceasing operations in Venezuela, cash-settled stock appreciation rights ("SARs") granted as part of the original Diversey acquisition, special tax items ("Tax Special Items") and certain other infrequent or one-time items. We evaluate 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.

The Company measures segment performance using Adjusted EBITDA (a non-U.S. GAAP financial measure). Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of Special Items.

We also present our adjusted income tax rate or provision ("Adjusted Tax Rate"). The Adjusted 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 as well as expense or benefit from any special taxes or tax benefits ("Tax Special Items"). The Adjusted Tax Rate is 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 the Adjusted Tax Rate.

In our "Net Sales by Geographic Region," "Components of Change in Net Sales by Segment" 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 may 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.

We have not provided guidance for the most directly comparable U.S. GAAP financial measures, as they are not available without unreasonable effort due to the high variability, complexity, and low visibility with respect to certain Special Items, including gains and losses on the disposition of businesses, the ultimate outcome of certain legal or tax proceedings, foreign currency gains or losses and other unusual gains and losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In millions, except share data)	June 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 243.0	$ 333.7
Trade receivables, net of allowance for doubtful accounts of $8.0 in 2017 and $8.4 in 2016	310.3	460.5
Income tax receivables	15.9	11.5
Other receivables	77.3	72.7
Inventories, net of inventory reserves of $15.7 in 2017 and $13.4 in 2016	532.1	456.7
Current assets held for sale	3,016.4	825.7
Prepaid expenses and other current assets	251.9	54.5
Total current assets	4,446.9	2,215.3
Property and equipment, net	926.7	889.6
Goodwill	1,889.1	1,882.9
Intangible assets, net	41.0	40.1
Deferred taxes	129.7	169.9
Non-current assets held for sale	—	2,026.0
Other non-current assets	193.5	175.4
Total assets	$ 7,626.9	$ 7,399.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 358.0	$ 83.0
Current portion of long-term debt	297.5	297.0
Accounts payable	646.7	539.2
Current liabilities held for sale	1,293.6	683.3
Accrued restructuring costs	29.7	44.8
Other current liabilities	444.5	471.7
Total current liabilities	3,070.0	2,119.0
Long-term debt, less current portion	3,790.1	3,762.6
Deferred taxes	4.4	4.9
Non-current liabilities held for sale	—	501.0
Other non-current liabilities	422.9	402.0
Total liabilities	7,287.4	6,789.5
Commitments and contingencies - Note 15		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2017 and 2016	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 229,927,326 in 2017 and 227,638,738 in 2016; shares outstanding: 190,037,584 in 2017 and 193,482,383 in 2016	23.0	22.8
Additional paid-in capital	1,943.7	1,974.1
Retained earnings	1,022.8	1,040.0
Common stock in treasury, 39,899,742 shares in 2017 and 34,156,355 shares in 2016	(1,729.4)	(1,478.1)
Accumulated other comprehensive loss, net of taxes	(920.6)	(949.1)
Total stockholders' equity	339.5	609.7
Total liabilities and stockholders' equity	$ 7,626.9	$ 7,399.2

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(In millions, except share data)	Three Months Ended June 30, (unaudited) 2017	Three Months Ended June 30, (unaudited) 2016	Six Months Ended June 30, (unaudited) 2017	Six Months Ended June 30, (unaudited) 2016
Net sales	$ 1,070.3	$ 1,038.9	$ 2,102.5	$ 2,044.8
Cost of sales(1)	726.0	689.3	1,421.8	1,359.6
Gross profit	344.3	349.6	680.7	685.2
Selling, general and administrative expenses(1)	201.8	197.3	397.6	382.4
Amortization expense of intangible assets acquired	1.1	3.5	6.1	6.3
Restructuring and other charges(1)	2.0	1.2	3.9	1.0
Operating profit	139.4	147.6	273.1	295.5
Interest expense	(50.9)	(50.9)	(99.7)	(101.8)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(0.6)	—	(1.6)
Charge related to Venezuelan subsidiaries(1)	—	(46.0)	—	(46.0)
Other (expense) income, net	(3.9)	4.5	(6.2)	1.0
Earnings before income tax provision	84.6	54.6	167.2	147.1
Income tax provision	56.1	53.0	192.5	70.6
Net earnings (loss) from continuing operations	28.5	1.6	(25.3)	76.5
Net earnings from discontinued operations, net of tax	59.3	48.0	69.9	75.5
Net earnings available to common stockholders	$ 87.8	$ 49.6	$ 44.6	$ 152.0
Basic:				
Continuing operations	$ 0.14	$ 0.01	$ (0.13)	$ 0.38
Discontinued operations	0.31	0.24	0.36	0.38
Net earnings (loss) per common share - basic(2)	$ 0.45	$ 0.25	$ 0.23	$ 0.76
Diluted:				
Continuing operations	$ 0.14	$ 0.01	$ (0.13)	$ 0.38
Discontinued operations	0.31	0.24	0.36	0.38
Net earnings (loss) per common share - diluted(2)	$ 0.45	$ 0.25	$ 0.23	$ 0.76
Dividends per common share	$ 0.16	$ 0.16	$ 0.32	$ 0.29
Weighted average number of common shares outstanding:				
Basic	192.5	195.6	192.9	195.4
Diluted(2)	194.8	198.4	195.3	198.0

See accompanying Notes to Condensed Consolidated Financial Statements.

(1) Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 1, "Organization and Basis of Presentation," of the Notes to the Condensed Consolidated Financial Statement for further details.

(2) The Company early adopted ASU 2016-09 on a prospective basis as required, related to the recognition of excess tax benefits to the income statement which were previously recorded in additional paid-in capital, effective January 1, 2016. This resulted in an additional 456,352 and 436,288 diluted weighted average number of common shares outstanding for the three and six months ended June 30, 2016, respectively, and recognition of excess tax benefits of $9.6 million in net earnings from continuing operations and $1.0 million in net earnings from discontinued operations for the six months ended June 30, 2016 (there was no impact for the three months ended June 30, 2016). As a result, net earnings per common share increased by $0.05 per share for the six months ended June 30, 2016 and no impact for the three months ended June 30, 2016. Refer to Note 2, “Recently Issued Accounting Standards” of the Notes to the Condensed Consolidated Financial Statements for further details.

Condensed Consolidated Statements of Comprehensive Income

(In millions)	Three Months Ended June 30, (unaudited) 2017	Three Months Ended June 30, (unaudited) 2016	Six Months Ended June 30, (unaudited) 2017	Six Months Ended June 30, (unaudited) 2016
Net earnings available to common stockholders	$ 87.8	$ 49.6	$ 44.6	$ 152.0
Other comprehensive (loss) income, net of taxes:				
Recognition of deferred pension items, net of taxes of $(3.0) for the three months ended June 30, 2017, $(0.7) for the three months ended June 30, 2016, $(2.8) for the six months ended June 30, 2017 and $(1.3) for the six months ended June 30, 2016	0.8	2.1	5.3	3.8
Unrealized gains (losses) on derivative instruments for net investment hedge, net of taxes of $24.5 for three months ended June 30, 2017, $(9.6) for the three months ended June 30, 2016, $27.5 for the six months ended June 30, 2017 and $4.4 for the six months end June 30, 2016	(39.5)	15.5	(44.4)	(7.1)
Unrealized losses on derivative instruments for cash flow hedge, net of taxes of $0.2 for the three months ended June 30, 2017, $0.5 for the three months ended June 30, 2016, $1.4 for the six months ended June 30, 2017 and $2.4 for the six months ended June 30, 2016	(1.5)	(0.6)	(6.2)	(4.7)
Foreign currency translation adjustments, net of taxes of $2.5 for the three months ended June 30, 2017, $(1.3) for the three months ended June 30, 2016, $4.4 for the six months ended June 30, 2017 and $(20.1) for the six months ended June 30, 2016	18.6	(6.2)	73.8	(15.5)
Other comprehensive (loss) income, net of taxes	(21.6)	10.8	28.5	(23.5)
Comprehensive income, net of taxes	$ 66.2	$ 60.4	$ 73.1	$ 128.5

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(In millions)	Six Months Ended June 30, (unaudited) 2017	2016[2]
Net earnings available to common stockholders	$ 44.6	$ 152.0
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	105.1	106.6
Share-based incentive compensation	23.0	30.0
Profit sharing expense	12.9	17.3
Remeasurement loss related to Venezuelan subsidiaries	0.1	2.8
Reclassification of cumulative translation adjustment of Venezuelan subsidiaries	—	46.0
Provisions for bad debt	2.1	1.8
Provisions for inventory obsolescence	3.7	5.3
Deferred taxes, net	116.8	8.5
Net loss (gain) on sale of business	(2.3)	1.9
Other non-cash items	6.6	5.3
Changes in operating assets and liabilities:		
Trade receivables, net	(58.3)	(83.9)
Inventories	(86.5)	(82.9)
Accounts payable	145.4	90.3
Other assets and liabilities	(171.9)	(114.1)
Net cash provided by operating activities[1]	141.3	186.9
Cash flows from investing activities:		
Capital expenditures	(93.2)	(113.5)
Proceeds, net from sale of business and property and equipment	3.6	8.2
Business acquired in purchase transactions, net of cash acquired	(3.5)	—
Settlement of foreign currency forward contracts	11.3	(31.3)
Net cash used in investing activities	(81.8)	(136.6)
Cash flows from financing activities:		
Net proceeds from borrowings	252.2	35.0
Change in cash used as collateral on borrowing arrangements	(2.0)	0.3
Dividends paid on common stock	(61.8)	(57.0)
Acquisition of common stock for tax withholding	(21.5)	(22.3)
Repurchases of common stock	(305.3)	(52.0)
Other financing activities	0.3	—
Net cash used in financing activities[1]	(138.1)	(96.0)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(12.1)	(16.3)
Balance, beginning of period	333.7	321.7
Net change during the period	(90.7)	(62.0)
Balance, end of period	$ 243.0	$ 259.7
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$ 107.0	$ 108.0
Income tax payments	$ 92.6	$ 59.9
Payments related to the sale of Diversey[3]	$ 44.8	$ —
Stock appreciation rights payments (less amounts included in restructuring payments)	$ —	$ 1.9
Restructuring payments including associated costs	$ 33.1	$ 36.4
Non-cash items:		
Transfers of shares of our common stock from treasury for our 2016 and 2015 profit-sharing plan contributions	$ 22.3	$ 37.6

See accompanying Notes to Condensed Consolidated Financial Statements.

(1) The Company early adopted ASU 2016-09 on a retrospective basis related to the classification of excess tax benefits on the Statement of Cash Flows, effective January 1, 2016, which resulted in an increase in operating cash flow of $6.8 million and a decrease in financing activities of $6.8 million for the six months ended June 30, 2016. There was not a material impact on the three months ended June 30, 2016. Refer to Note 2, “Recently Issued Accounting Standards” of the Notes to the Condensed Consolidated Financial Statements for further details.

(2) Due to changes in the accounting treatment of a factoring agreement the Company reclassified amounts from cash and cash equivalents to other receivables of $7.8 million as of June 30, 2016. This reclassification resulted in an increase in cash provided by operating activities of $1.1 million for the six months ended June 30, 2016.

(3) Payments related to the sale of Diversey includes $33.0 million related to tax payments and the remainder primarily attributable to professional fees.

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 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, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measurable, sustainable value to our customers and investors.

We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc. 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.

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 June 30, 2017 and our Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017 and 2016 have been made. The results set forth in our Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017 and in our Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2017 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, did not have a material impact on our condensed consolidated financial condition, results of operations or cash flows.

Our Condensed Consolidated Financial Statements were prepared in accordance with the interim reporting requirements of the U.S. Securities and Exchange Commission ("SEC"). As permitted under those rules, annual footnotes or other financial information that are normally required by 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, 2016 as filed with the SEC on February 15, 2017 ("2016 Form 10-K") and with the information contained in other publicly-available filings with the SEC.

On March 25, 2017, we entered into a definitive agreement to sell the Diversey Care division and the food hygiene and cleaning business within the Food Care division. The net assets of Diversey have met the criteria to be classified as "held for sale" and are reported as such in all periods presented. Results of operations for Diversey are reported as discontinued operations in all periods presented. See Note 3, "Discontinued Operations" for further information.

As a result of the Diversey transaction, we have also changed our segment reporting structure effective as of January 1, 2017. See Note 4, "Segments" for further information.

Impact of Inflation and Currency Fluctuation

Venezuela

Economic and political events in Venezuela have continued to expose us to heightened levels of foreign currency exchange risk. Accordingly, Venezuela has been designated a highly inflationary economy under U.S. GAAP, and the U.S. dollar replaced the bolivar fuerte as the functional currency for our subsidiaries in Venezuela. All bolivar-denominated monetary assets and liabilities are remeasured into U.S. dollars using the current exchange rate available to us, and any changes in the exchange rate are reflected in foreign currency exchange loss related to our Venezuelan subsidiaries on the Condensed Consolidated Statements of Operations.

2016 Activity

Effective March 10, 2016, there were only two legal mechanisms in Venezuela to access U.S. dollars. This included the DIPRO (10.0 bolivars per U.S. dollar), which replaced the CENCOEX rate and is the preferential rate for essential goods and services and; the DICOM rate, which replaced the SIMADI rate, which was allowed to float freely.

At June 30, 2016, we evaluated which legal mechanisms were available to our Venezuelan subsidiaries to access U.S. dollars. We concluded that we would use the DICOM rate to remeasure our bolivar denominated monetary assets and liabilities since it was our only legally available option and our intent on a go-forward basis to utilize this market to settle any future transactions based on the then current facts and circumstances. The DICOM rate as of June 30, 2016 was 628.3434.

During the first six months of 2016, we were only able to access the SIMADI market (during the period the market was available) and only received minimal amounts of U.S. dollars during the first three months of 2016. We did not receive any U.S. dollars via the CENCOEX (at an official rate of 6.3) or the DIPRO (at an official rate of 10.0). For any U.S. dollar denominated monetary asset or liability, such amounts do not get remeasured at month-end since it is already an asset or liability denominated in U.S. dollars. As a result of this evaluation, the Company reported a remeasurement loss of $1.1 million (of which $0.6 million related to continuing operations) for the three months ended June 30, 2016 and $2.8 million (of which $1.6 million related to continuing operations) for the six months ended June 30, 2016.

Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Foreign exchange control regulations have affected our Venezuelan subsidiaries ability to obtain inventory and maintain normal production. This resulted in total costs of $47.3 million being incurred which included the following (i) a voluntary reduction in headcount including severance and termination benefits for employees of approximately $0.3 million, (ii) depreciation and amortization expense related to fixed assets and intangibles of approximately $0.6 million (iii) inventory reserves of $0.4 million and (iv) the reclassification of approximately $46.0 million of cumulative translation adjustment into net income as the Company's decision to cease operations is similar to a substantially complete liquidation.

2017 Activity

On May 19, 2017, the Venezuelan government published in Exchange Agreement No. 38 that the DICOM system would now operate through an auction process which is referred to as the new DICOM. This became effective on May 23, 2017.

At June 30, 2017, we concluded that we would continue to use the DICOM rate to remeasure our remaining bolivar denominated monetary assets and liabilities since it was our only legally available option and our intent on a go-forward basis to utilize this market if needed, to settle any future transactions based on current facts and circumstances. During the first six months of 2017, we did not receive any U.S dollars via any of the legal mechanisms noted above. The new DICOM rate as of June 30, 2017 was 2,640.0 which reflects the last auction in June 2017. As a result of this evaluation, the Company reported a remeasurement loss of less than $1.0 million for the three months and six month ended June 30, 2017 (which included $0.1 million of income related to continuing operations).

We will continue to evaluate each reporting period the appropriate exchange rate to remeasure our financial statements based on the facts and circumstances as applicable.

Note 2 Recently Issued Accounting Standards

Recently Adopted Accounting Standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). ASU 2016-09 simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 was effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Early adoption was permitted. The Company elected to early adopt ASU 2016-09 in the third quarter of 2016 which required us to reflect any adjustments as of January 1, 2016, the beginning of the annual period that included the interim period of adoption.

Under previous guidance, excess tax benefits and certain tax deficiencies from share-based compensation arrangements were recorded in additional paid-in-capital within equity when the awards vested or were settled. ASU 2016-09 requires that all excess tax benefits and all tax deficiencies be recognized as income tax expense or benefit in the income statement and adoption was on a prospective basis. As a result of the adoption, the Company recognized excess tax benefits of $9.6 million in net earnings from continuing operations and $1.0 million in net earnings from discontinued operations for the six months ended June 30, 2016. ASU 2016-09 also requires excess tax benefits to be prospectively excluded from assumed future proceeds in the calculation of diluted shares. As a result of the adoption, it resulted in an additional 456,352 and 436,288 of diluted weighted average number of common shares outstanding for the three and six months ended June 30, 2016, respectively. As a result, continuing operations net earnings per common share increased by $0.05 per share for the six months ended June 30, 2016. There was no impact for the three months ended June 30, 2016. Additionally, the Company elected to apply the cash flow classification guidance of ASU 2016-09 retrospectively. For the six months ended June 30, 2016 this resulted in an increase in operating cash flow of $6.8 million and a decrease in financing activities of $6.8 million.

Recently Issued Accounting Standards

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting (“ASU 2017-09”). ASU 2017-09 amends the considerations for determining if a modification should be accounted for. This new guidance requires an entity to consider the fair value of an award before and after modification, the vesting conditions of the modified award and the classification of the modified award as an equity instrument. The amendments in ASU 2017-09 are effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. We are currently in the process of evaluating this new standard update.

In March 2017, the FASB issued ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Benefit Postretirement Benefit Cost (“ASU 2017-07”). ASU 2017-07 changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. This new guidance requires entities to report the service cost component in the same line item or items as other compensation costs. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component outside of income from operations. The amendments in ASU 2017-07 are effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. We are currently in the process of evaluating this new standard update.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (“ASU 2017-04”). ASU 2017-04 eliminates Step 2 as part of the goodwill impairment test. The amount of the impairment charge to be recognized would now be the amount by which the carrying value exceeds the reporting unit’s fair value. The loss to be recognized cannot exceed the amount of goodwill allocated to that reporting unit. The amendments in ASU 2017-04 are effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently in the process of evaluating this new standard update.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (“ASU 2017-01”). ASU 2017-01 provides a screen to determine when a set is not a business. This screen states that when substantially all of the fair value of the group assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. The amendments in ASU 2017-01 are effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early application is permitted for transactions for which the acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued. We are currently in the process of evaluating this new standard update.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (“ASU 2016-18”). ASU 2016-18 requires that entities include restricted cash and restricted cash equivalents with cash and cash equivalents in the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 are effective for fiscal years beginning after December 15, 2017, including interim reporting periods within those fiscal years. Early adoption, including adoption in interim periods, is permitted for all entities. Retrospective transition method is to be applied to each period presented. We are currently in the process of evaluating this new standard update.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"). ASU 2016-16 requires entities to recognize income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in ASU 2016-16 are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. We are currently in the process of evaluating this new standard update.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"). ASU 2016-15 provides guidance on eight specific cash flow issues in regard to how cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in ASU 2016-15 are effective for fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted. We are currently in the process of evaluating this new standard update.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. The ASU also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal periods. Entities may adopt earlier as of the fiscal year beginning after December 15, 2018, including interim periods within those fiscal years. We are currently in the process of evaluating this new standard update.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), ("ASU 2016-02"). This ASU requires an entity to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. We are currently in the process of evaluating this new standard update.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). This ASU requires equity investments except those under the equity method of accounting to be measured at fair value with the changes in fair value recognized in net income. The amendment simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. In addition, it also requires enhanced disclosures about investments. The amendments in ASU 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application for certain provisions is allowed but early adoption of the amendments is not permitted. An entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We are currently in the process of evaluating this new standard update.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASU 2014-09") and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016, May 2016, February 2017 and May 2017 within ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05 and ASU 2017-10 respectively (ASU 2014-09, ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05 and ASU 2017-10 collectively, Topic 606). Previous revenue recognition guidance in U.S. GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASU 2014-09 expands and enhances disclosure requirements which require disclosing sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This includes both qualitative and quantitative information. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ("ASU 2015-14"). The amendments in ASU 2015-14 delay the effective date of ASU 2014-09 by one year to annual reporting periods beginning after December 15, 2017 and allow early adoption as of the original public entity effective date. The amendments in ASU 2016-08, ASU 2016-10 and ASU 2016-12 are effective in conjunction with ASU 2015-14.

The guidance permits two methods of adoption: full retrospective in which the standard is applied to all of the periods presented or modified retrospective where an entity will have to recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. We currently anticipate adopting the modified retrospective method.

Our efforts to adopt this standard to date have focused on contract analysis at a regional level. We currently estimate the most significant impact will be on the accounting for Free on Loan equipment in our Food Care division. Whereas today we do not recognize revenue on Free on Loan equipment, under the new standard, we anticipate allocating revenue to that equipment and treating it as a performance obligation. We are in the process of assessing the timing of when revenue assigned to Free on Loan equipment would be recognized. We have not completed our analysis at a segment level, and are in the process of quantifying the potential impact of the new standard.

Note 3 Discontinued Operations

On March 25, 2017, we entered into a definitive agreement to sell our Diversey Care division and the food hygiene and cleaning business within our Food Care division for gross proceeds of USD equivalent of $3.2 billion, subject to customary closing conditions. The transaction is expected to be completed in the third quarter of 2017 and generate approximately $2.5 billion in net cash, on an after tax basis. We intend to use the cash generated from this transaction to repay debt and maintain our credit profile, repurchase shares to minimize earnings dilution, and fund core growth initiatives, including potential complementary acquisitions to our Food Care and Product Care divisions.

The sale of Diversey will allow us to enhance our strategic focus on the Food Care and Product Care divisions and simplify our operating structure. 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 six months June 30, 2017 and 2016. Assets and liabilities of this business are classified as “held for sale” in the Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016.

Summary operating results of Diversey were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Net sales	$ 651.2	$ 688.1	$ 1,232.9	$ 1,272.8
Cost of sales	369.9	376.4	700.4	707.3
Gross profit	281.3	311.7	532.5	565.5
Selling, general and administrative expenses	206.9	216.7	405.8	428.1
Amortization expense of intangible assets acquired	21.1	24.0	38.8	42.7
Operating profit	53.3	71.0	87.9	94.7
Other expense, net	(5.1)	(2.5)	(8.0)	(6.5)
Earnings from discontinued operations before income tax (benefit) provision	48.2	68.5	79.9	88.2
Income tax (benefit) provision from discontinued operations	(11.1)	20.5	10.0	12.7
Net earnings from discontinued operations	$ 59.3	$ 48.0	$ 69.9	$ 75.5

Net sales decreased $36.9 million and $39.9 million for the three and six months ended June 30, 2017, respectively, primarily due to the expiration of the SC Johnson & Son (“SCJ”) licensing agreement as discussed below in the "Recent Events and Trends," section of Management's Discussion and Analysis. Additionally, for the three months and six months ended June 30, 2017, net earnings from discontinued operations was impacted by a $11.1 million benefit and $10.0 million expense, respectively, driven by expense related to a change in the repatriation strategy of foreign earnings offset by a favorable earnings mix in jurisdictions with lower rates. For the three and six months ended June 30, 2016, net earnings from discontinued operations were impacted by expense of $20.5 million and $12.7 million, respectively, primarily from a benefit related to a change in the repatriation strategy of foreign earnings, the release of reserves, and earnings mix in jurisdictions with lower tax rates.

The carrying value of the major classes of assets and liabilities of Diversey were as follows:

(In millions)	June 30, 2017	December 31, 2016
Assets:		
Cash and cash equivalents	$ 30.0	$ 30.0
Trade receivables, net	488.1	438.2
Inventories	236.6	203.2
Other receivables	78.4	70.3
Prepaid expenses and other current assets	88.1	80.6
Property and equipment, net	178.8	170.6
Goodwill	1,022.0	972.8
Intangible assets, net	667.3	669.9
Deferred taxes	48.0	50.7
Other non-current assets	178.4	162.0
Total assets held for sale	$ 3,015.7	$ 2,848.3
Liabilities:		
Short-term borrowings	$ 22.5	$ 9.6
Current portion of long-term debt	30.6	31.1
Accounts payable	398.2	346.5
Other current liabilities	262.3	296.1
Long-term debt	178.9	175.7
Deferred taxes	96.0	56.3
Other non-current liabilities	305.1	269.0
Total liabilities held for sale	$ 1,293.6	$ 1,184.3

The following table presents selected financial information regarding cash flows of Diversey that are included within discontinued operations in the Condensed Consolidated Statements of Cash Flows:

	Six Months Ended June 30,	
(In millions)	2017	2016
Non-cash items included in net earnings from discontinued operations:		
Depreciation and amortization	$ 50.3	$ 58.4
Share-based incentive compensation	6.0	5.8
Profit sharing expense	1.5	2.0
Provision for bad debt	1.7	2.4
Capital expenditures	9.7	11.8

The amounts disclosed in the tables above have been excluded from disclosures unless otherwise noted.

Acquisitions

On April 1, 2017 the Diversey Care division acquired the UVC disinfection portfolio of Daylight Medical, a manufacturer of innovative medical devices. The preliminary fair value of the consideration transferred was approximately $25.2 million which included $3.5 million of cash paid at closing as well as a preliminary fair value of $21.7 million related to $14.4 million of noncontingent consideration which will be paid in the future and a $7.3 million of preliminary fair value for liability-classified contingent consideration. The assets and liabilities acquired as part of the acquisition are classified as held for sale on the Condensed Consolidated Balance Sheets.

Note 4 Segments

As a result of the sale of Diversey, we have changed our segment reporting structure. The Food Care division now excludes the food hygiene and cleaning business, which is included in discontinued operations, and includes our Medical Applications and New Ventures businesses, which were previously reported in the “Other” category. The Other category also previously included “Corporate” which is now its own category.

The Company’s segment reporting structure now consists of two reportable segments and a Corporate category as follows:

- Food Care (including Medical Applications and New Ventures businesses);
- Product Care; and
- Corporate.

The Company’s Food Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products and management team. Corporate includes certain costs that are not allocated to the reportable segments, primarily consisting of unallocated corporate overhead costs, including administrative functions and cost recovery variances not allocated to the reportable segments from global functional expenses.

We allocate and disclose depreciation and amortization expense to our segments, although property and equipment, net is not allocated to the segment assets, nor is depreciation and amortization included in the segment performance metric Adjusted EBITDA. As of January 1, 2017 we modified our calculation of Adjusted EBITDA to exclude interest income. The impact in this modification was $2.0 million and $3.6 million for the three and six months ended June 30, 2016, respectively. We also disclose restructuring and other charges by segment, although these items are not included in the segment performance metric Adjusted EBITDA since restructuring and other charges are categorized as special items as outlined in the table reconciling U.S. GAAP net earnings from continuing operations to Non-U.S. GAAP Total Company Adjusted EBITDA set forth below. The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements.

The following tables show Net Sales and Adjusted EBITDA by our segment reporting structure:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Net Sales:				
Food Care	$ 679.5	$ 664.6	$ 1,335.1	$ 1,303.0
As a % of Total Company net sales	*63.5%*	*64.0%*	*63.5%*	*63.7%*
Product Care	390.8	374.3	767.4	741.8
As a % of Total Company net sales	*36.5%*	*36.0%*	*36.5%*	*36.3%*
Total Company Net Sales	**$ 1,070.3**	**$ 1,038.9**	**$ 2,102.5**	**$ 2,044.8**

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Adjusted EBITDA from continuing operations				
Food Care	$ 146.2	$ 146.5	$ 287.7	$ 285.1
Adjusted EBITDA Margin	*21.5%*	*22.0%*	*21.5%*	*21.9%*
Product Care	77.1	78.7	151.2	155.8
Adjusted EBITDA Margin	*19.7%*	*21.0%*	*19.7%*	*21.0%*
Corporate(1)	(27.0)	(31.5)	(60.7)	(61.0)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	**$ 196.3**	**$ 193.7**	**$ 378.2**	**$ 379.9**
Adjusted EBITDA Margin	*18.3%*	*18.6%*	*18.0%*	*18.6%*

(1) Corporate includes costs previously allocated to the Diversey Care segment and food hygiene and cleaning business of our Food Care segment reported within discontinued operations of $2.9 million and $2.2 million for three months ended June

30, 2017 and 2016, respectively, and $10.9 million and $7.3 million for six months ended June 30, 2017 and 2016, respectively.

The following table shows a reconciliation of U.S. GAAP net earnings from continuing operations to Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net earnings (loss) from continuing operations	$ 28.5	$ 1.6	$ (25.3)	$ 76.5
Interest expense	(50.9)	(50.9)	(99.7)	(101.8)
Interest income	3.2	2.0	5.4	3.6
Income tax provision	56.1	53.0	192.5	70.6
Depreciation and amortization[1][3]	(36.4)	(38.5)	(73.6)	(73.4)
Accelerated depreciation and amortization of fixed assets and intangible assets for Venezuelan subsidiaries[1]	—	0.7	—	0.7
Special Items:				
Restructuring and other charges[1][4]	(2.0)	(0.9)	(3.9)	(0.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(5.9)	(4.1)	(9.8)	(8.0)
SARs	—	(0.9)	—	(1.0)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(0.6)	—	(1.6)
Charges related to ceasing operations in Venezuela[1]	—	(47.3)	—	(47.3)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	(0.2)	—	2.1	(1.6)
Loss related to the sale of other businesses, investments and property, plant and equipment	(0.2)	(0.4)	(0.2)	(2.1)
Charges incurred related to the sale of Diversey	(17.8)	—	(33.9)	—
Other special items[2]	(1.5)	1.8	2.6	0.4
Pre-tax impact of Special items	(27.6)	(52.4)	(43.1)	(61.9)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	**$ 196.3**	**$ 193.7**	**$ 378.2**	**$ 379.9**

(1) Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 1, "Organization and Basis of Presentation," of the Notes to the Condensed Consolidated Financial Statement for further details.

(2) Other special items for the six months ended June 30, 2017 primarily included a recovered wage tax as the result of a court ruling partially offset by legal fees associated with restructuring and acquisitions. For the three months ended June 30, 2017 other special items primarily included an expense related to the recovered wage tax reserve as well as legal fees associated with restructuring and acquisitions. Other special items for the three and six months ended June 30, 2016 primarily included a reduction in a non-income tax reserve following the completion of a governmental audit partially offset by legal fees associated with restructuring and acquisitions.

(3) Depreciation and amortization by segment is as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Food Care	$ 24.3	$ 22.3	$ 49.4	$ 45.2
Product Care	$ 11.0	$ 9.4	$ 22.5	$ 19.0
Corporate	$ 1.1	$ 6.8	$ 1.7	$ 9.2
Total Company depreciation and amortization[1]	**$ 36.4**	**$ 38.5**	**$ 73.6**	**$ 73.4**

(1) Includes share-based incentive compensation of $10.9 million and $18.9 million for the three and six months ended June 30, 2017, respectively, and $13.9 million and $25.4 million for the three and six ended June 30, 2016, respectively.

(4) Restructuring and other charges by segment were as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Food Care	$ 1.3	$ 0.5	$ 2.5	$ 0.4
Product Care	0.7	0.4	1.4	0.3
Total Company restructuring and other charges[1]	**$ 2.0**	**$ 0.9**	**$ 3.9**	**$ 0.7**

[1] For the three and six months ended June 30, 2016 restructuring and other charges excludes $0.3 million related to severance and termination benefits for employees in our Venezuelan subsidiaries.

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 by the reportable segment assets, which are trade receivables, net, and finished goods inventory, net. All other assets are included in "Assets not allocated."

(In millions)	June 30, 2017	December 31, 2016
Assets:		
Trade receivables, net, and finished goods inventories, net		
Food Care	$ 383.4	$ 459.8
Product Care	230.0	261.5
Total segments	$ 613.4	$ 721.3
Assets not allocated		
Cash and cash equivalents	$ 243.0	$ 333.7
Property and equipment, net	926.7	889.6
Goodwill	1,889.1	1,882.9
Intangible assets, net	41.0	40.1
Assets held for sale	3,016.4	2,851.7
Other	897.3	679.9
Total	$ 7,626.9	$ 7,399.2

Note 5 Inventories

The following table details our inventories, net:

(In millions)	June 30, 2017	December 31, 2016
Inventories:		
Raw materials	$ 85.0	$ 81.5
Work in process	144.0	114.4
Finished goods	303.1	260.8
Total	$ 532.1	$ 456.7

Note 6 Property and Equipment, net

The following table details our property and equipment, net:

(In millions)	June 30, 2017	December 31, 2016
Land and improvements	$ 43.6	$ 41.6
Buildings	685.1	600.2
Machinery and equipment	2,180.5	2,091.5
Other property and equipment	107.0	104.3
Construction-in-progress	177.7	210.1
Property and equipment, gross	3,193.9	3,047.7
Accumulated depreciation and amortization[1]	(2,267.2)	(2,158.1)
Property and equipment, net	$ 926.7	$ 889.6

(1) As of June 30, 2016 this amount includes $0.4 million related to the accelerated depreciation and amortization of fixed assets related to ceasing operations in Venezuela. Refer to Note 1, "Organization and Basis of Presentation," of the Notes to Condensed Consolidated Financial Statement Operations for further details.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Interest cost capitalized	$ 3.0	$ 2.3	$ 6.0	$ 3.9
Depreciation and amortization expense for property and equipment	$ 24.5	$ 21.1	$ 48.6	$ 41.7

Note 7 Goodwill and Identifiable Assets

Goodwill

The following table shows our goodwill balances by our segment reporting structure. 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. As of June 30, 2017, we did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable.

(In millions)	Food Care	Product Care	Total
Carrying Value at December 31, 2016	$ 510.8	$ 1,372.1	$ 1,882.9
Currency translation	4.8	1.4	6.2
Carrying Value at June 30, 2017	$ 515.6	$ 1,373.5	$ 1,889.1

Identifiable Intangible Assets

The following tables summarize our identifiable intangible assets with definite and indefinite useful lives. As of June 30, 2017, there were no impairment indicators present.

	June 30, 2017			December 31, 2016		
(In millions)	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Customer relationships	$ 25.8	$ (18.6)	$ 7.2	$ 25.0	$ (17.5)	$ 7.5
Trademarks and tradenames	0.7	(0.3)	0.4	0.6	(0.2)	0.4
Capitalized software	49.8	(36.1)	13.7	42.6	(31.2)	11.4
Technology	35.8	(26.1)	9.7	34.4	(24.2)	10.2
Contracts	10.6	(9.5)	1.1	10.6	(8.9)	1.7
Total intangible assets with definite lives	**122.7**	**(90.6)**	**32.1**	**113.2**	**(82.0)**	**31.2**
Trademarks and tradenames with indefinite lives	8.9	—	8.9	8.9	—	8.9
Total identifiable intangible assets	**$ 131.6**	**$ (90.6)**	**$ 41.0**	**$ 122.1**	**$ (82.0)**	**$ 40.1**

The following table shows the remaining estimated future amortization expense at June 30, 2017.

Year	Amount *(in millions)*
Remainder of 2017	$ 6.7
2018	7.5
2019	4.4
2020	2.7
Thereafter	10.8
Total	$ 32.1

Note 8 Accounts Receivable Securitization Programs

U.S. Accounts Receivable Securitization Program

We and a group of our U.S. operating subsidiaries maintain an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to an indirectly wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables with two banks and issuers of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and issuers of commercial paper administered by these banks are considered secured borrowings with pledge of collateral and will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. These banks do not have any recourse against the general credit of the Company. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

As of June 30, 2017, the maximum purchase limit for receivable interests was $90.0 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $90.0 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. During the six months ended June 30, 2017, the level of eligible assets available under the program was lower than $90.0 million primarily due to certain required reserves against our receivables. As a result, the amount available to us under the program was $82.9 million at June 30, 2017. Although we do not believe restrictions under this program 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.

The program expires annually in September and is renewable. The program was renewed in September 2016 for an additional year.

European Accounts Receivables Securitization Program

We and a group of our European subsidiaries maintain an accounts receivable securitization program with a special purpose vehicle, or SPV, two banks and issuers of commercial paper administered by these banks. The European program is structured to be a securitization of certain trade receivables that are originated by certain of our European subsidiaries. The SPV borrows funds from the banks to fund its acquisition of the receivables and provides the banks with a first priority perfected security interest in the accounts receivable. We do not have an equity interest in the SPV. We concluded the SPV is a variable interest entity because its total equity investment at risk is not sufficient to permit the SPV to finance its activities without additional subordinated financial support from the bank via loans or via the collections from accounts receivable already purchased. Additionally, we are considered the primary beneficiary of the SPV since we control the activities of the SPV, and are exposed to the risk of uncollectable receivables held by the SPV. Therefore, the SPV is consolidated in our Condensed Consolidated Financial Statements. Any activity between the participating subsidiaries and the SPV is eliminated in consolidation. Loans from the banks to the SPV will be classified as short-term borrowings on our Condensed Consolidated Balance Sheet. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheet.

As of June 30, 2017, the maximum purchase limit for receivable interests was €110.0 million ($125.9 million equivalent at June 30, 2017), subject to availability limits. The terms and provisions of this program are similar to our U.S. program discussed above. As of June 30, 2017, the amount available under this program was €99.1 million ($113.4 million equivalent as of June 30, 2017).

This program expires annually in February and is renewable. The planned maturity in February 2017 was extended to September 2017.

Utilization of Our Accounts Receivable Securitization Programs

As of June 30, 2017, there were borrowings of $82.0 million outstanding under our U.S. program and borrowings of €98.8 million ($113.1 million equivalent as of June 30, 2017) under our European program. We continue to service the trade receivables supporting the programs, and the banks are permitted to re-pledge this collateral. Total interest expense for these programs was less than $1.0 million for the three and six months ended June 30, 2017 and 2016.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above expiration 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 programs. We were in compliance with these ratios at June 30, 2017.

As of December 31, 2016, there were no amounts outstanding under our U.S. and European programs.

Note 9 Restructuring and Relocation Activities

Consolidation of Restructuring Programs

In the first quarter of 2016, the Board of Directors agreed to consolidate the remaining activities of all restructuring programs to create a single program to be called the “Sealed Air Restructuring Program” or the “Program.”

The Program consists of a portfolio of restructuring projects across all of our divisions as part of our transformation of Sealed Air into a knowledge-based company, including reductions in headcount, and relocation of certain facilities and offices, which primarily reflects the relocation from our former corporate headquarters in Elmwood Park, New Jersey; and facilities in Saddle Brook, New Jersey; Racine, Wisconsin; and, Duncan and Greenville, South Carolina to our new global headquarters in

Charlotte, North Carolina. The cost of the Charlotte campus was estimated to be approximately $120 million. The Program also includes costs associated with the sale of Diversey.

Program metrics are as follows:

	Sealed Air Restructuring Program
Approximate positions eliminated by the program	1,950
Estimated Program Costs (in millions):	
Costs of reduction in headcount as a result of reorganization	$235-$245
Other expenses associated with the Program	155-160
Total expense	**$390-$405**
Capital expenditures	250-255
Proceeds, foreign exchange and other cash items	(70)-(75)
Total estimated net cash cost	**$570-$585**
Program to Date Cumulative Expense (in millions):	
Costs of reduction in headcount as a result of reorganization	$ 231
Other expenses associated with the Program	117
Total Cumulative Expense	$ 348
Cumulative Capital expenditures	$ 228

The following table details our restructuring activities as reflected in the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Continuing Operations				
Other associated costs	$ 5.9	$ 4.1	$ 9.8	$ 8.0
Restructuring charges	2.0	0.9	3.9	0.7
Total charges from continuing operations	$ 7.9	$ 5.0	$ 13.7	$ 8.7
Charges included in discontinued operations	4.3	1.8	2.6	4.2
Total Charges	$ 12.2	$ 6.8	$ 16.3	$ 12.9
Capital Expenditures	$ 4.0	$ 37.9	$ 13.9	$ 57.0

The restructuring accrual, spending and other activity for the six months ended June 30, 2017 and the accrual balance remaining at June 30, 2017 related to these programs were as follows (in millions):

(In millions)	
Restructuring accrual at December 31, 2016	$ 47.4
Accrual and accrual adjustments	3.9
Cash payments during 2017	(21.1)
Effect of changes in foreign currency exchange rates	0.9
Restructuring accrual at June 30, 2017	$ 31.1

We expect to pay $29.7 million of the accrual balance remaining at June 30, 2017 within the next twelve months. This amount is included in accrued restructuring costs on the Condensed Consolidated Balance Sheet at June 30, 2017. The remaining accrual of $1.4 million is expected to be paid in 2018. This amount is included in other non-current liabilities on our Condensed Consolidated Balance Sheet at June 30, 2017.

Note 10 Debt and Credit Facilities

Our total debt outstanding consisted of the amounts set forth on the following table:

(In millions)	June 30, 2017	December 31, 2016
Short-term borrowings[(1)]	$ 358.0	$ 83.0
Current portion of long-term debt[(2)]	297.5	297.0
Total current debt	655.5	380.0
Term Loan A due July 2019[(2)]	807.5	818.3
6.50% Senior Notes due December 2020	423.3	423.1
4.875% Senior Notes due December 2022	420.0	419.6
5.25% Senior Notes due April 2023	420.0	419.7
4.50% Senior Notes due September 2023	453.9	416.7
5.125% Senior Notes due December 2024	420.5	420.2
5.50% Senior Notes due September 2025	396.5	396.4
6.875% Senior Notes due July 2033	445.3	445.3
Other	3.1	3.3
Total long-term debt, less current portion[(4)]	3,790.1	3,762.6
Total debt[(3)(5)]	$ 4,445.6	$ 4,142.6

(1) Short-term borrowings of $358.0 million at June 30, 2017 are comprised primarily of $113.1 million outstanding under our European accounts receivable securitization program, $95.0 million outstanding under our revolving credit facility, $82.0 million of short term borrowings outstanding under our U.S. accounts receivable securitization program and $67.9 million of short term borrowings from various lines of credit. Short-term borrowings at December 31, 2016 were comprised primarily of $83.0 million of short-term borrowings from various lines of credit.

(2) Term Loan A facility due July 2019 has required prepayments which are due in the first quarter of 2018 and the outstanding balance of the Term Loan A facility due in July 2017 are included in the current portion of long-term debt.

(3) As of June 30, 2017, our weighted average interest rate on our short-term borrowings outstanding was 2.7% and on our long-term debt outstanding was 4.7%. As of December 31, 2016, our weighted average interest rate on our short-term borrowings outstanding was 4.8% and on our long-term debt outstanding was 4.7%.

(4) Amounts are net of unamortized discounts and issuance costs of $33.3 million as June 30, 2017 and $36.3 million as of December 31, 2016.

(5) Long-term debt instruments are listed in order of priority.

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 programs.

(In millions)	June 30, 2017	December 31, 2016
Used lines of credit [(1)(2)]	$ 358.0	$ 83.0
Unused lines of credit	798.7	1,074.4
Total available lines of credit[(3)]	$ 1,156.7	$ 1,157.4

(1) Includes total borrowings under the accounts receivable securitization programs, the revolving credit facility and borrowings under lines of credit available to several subsidiaries.

(2) As of June 30, 2017 and December 31, 2016, there were $26.3 million and $25.4 million of cash held on deposit, respectively, as a compensating balance for certain short-term borrowings, which is recorded in other current assets on the Condensed Consolidated Balance Sheet.

(3) Of the total available lines of credit, $896.3 million were committed as of June 30, 2017.

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Second Amended and Restated Syndicated Credit Facility ("Amended 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 Amended Credit Facility). We were in compliance with the above financial covenants and limitations at June 30, 2017.

Recent Activity

In July 2017, we paid the full $250.0 million principal balance of the Term Loan A facility due in July 2017, upon its maturity. This balance was included in the current portion of long-term debt on our Condensed Consolidated Balance Sheets as of June 30, 2017.

On July 1, 2017, we executed an amendment to the Amended Credit Facility in preparation of the upcoming Diversey sale. The amendment primarily allows us to take steps necessary for the legal separation of the Diversey business and release the loan security effective with the sale closing. These changes do not impact the Condensed Consolidated Financial Statements as of June 30, 2017. Subsequent to the execution of the amendment, we prepaid the Brazilian tranche of our Term Loan A facility due in July 2019 in the amount of $96.3 million in connection with the anticipated Diversey transaction. As of June 30, 2017, this balance was included in liabilities held for sale on the Condensed Consolidated Balance Sheets.

Note 11 Derivatives and Hedging Activities

We report all derivative instruments on our Condensed Consolidated Balance Sheets 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 the underlying forecasted transaction is no longer probable of occurring.

We record the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized.

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

The primary purpose of our cash flow hedging activities is 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 cost of sales, on our Condensed Consolidated Statements of Operations. Cash flows from derivative financial instruments are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Net unrealized after-tax gains/losses related to these contracts that were included in other comprehensive income were $1.9 million loss and $4.8 million loss for the three and six months ended June 30, 2017, respectively, and $2.2 million gain and $1.2 million loss for the three and six months ended June 30, 2016. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

We estimate that $0.4 million of net unrealized derivative gains included in accumulated other comprehensive income (AOCI) will be reclassified into earnings within the next twelve months.

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 income, net, on our Condensed Consolidated Statements of Operations and are largely offset by the remeasurement of the underlying foreign currency-denominated items indicated above. Cash flows from derivative financial instruments are classified as cash flows from investing activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Interest Rate Swaps

From time to time, we may use interest rate swaps to manage our fixed and floating interest rates on our outstanding indebtedness. At June 30, 2017 and December 31, 2016, we had no outstanding interest rate swaps.

Interest Rate and Currency Swaps

In 2014, in connection with exercising the $100.0 million delayed draw under the senior secured credit facility, we entered into a series of interest rate and currency swaps in a notional amount of $100.0 million. On September 30, 2016, the first $20.0 million swap contract matured and was settled. As a result of the settlement, the Company received $4.9 million. For the six months ended June 30, 2017, settlement payments were made for $2.5 million. These swaps have been classified as assets held for sale on the Condensed Consolidated Balance Sheet and the related activity has been classified as net earnings from discontinued operations, net of tax on the Condensed Consolidated Statement of Operations. These swaps convert the U.S. dollar-denominated variable rate obligation under the credit facility into a fixed Brazilian real-denominated obligation. The delayed draw and the interest rate and currency swaps were used to fund expansion and general corporate purposes of our Brazilian subsidiaries.

In July 2017, we prepaid the Brazilian tranche of our Term Loan A facility due in July 2019 in the amount of $96.3 million in connection with the anticipated Diversey transaction. In anticipation of this loan prepayment, we terminated all the swaps used to convert the related U.S. dollar-denominated variable rate obligation into a fixed Brazilian real-denominated obligation.

Net Investment Hedge

During the second quarter of 2015, we entered into a series of foreign currency exchange forwards totaling €270.0 million. These foreign currency exchange forwards hedged a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates and expired in June 2015. The loss of $3.5 million ($2.2 million after tax) is recorded in AOCI on our Condensed Consolidated Balance Sheet.

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The change in the fair value of debt was $7.7 million ($4.8 million net of taxes) as of June 30, 2017 and is reflected in long-term debt on our Condensed Consolidated Balance Sheet.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425.0 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The fair value of this hedge as of June 30, 2017 was a liability of $42.1 million ($26.0 million after tax) on our Condensed Consolidated Balance Sheet. Semi-annual interest settlements resulted in AOCI of $15.6 million ($9.7 million after tax).

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, settlements and changes in fair values of the derivative instruments are recognized in unrealized net gains or loss on derivative instruments for net investment hedge, a component of AOCI, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other (expense) income, net on the Condensed Consolidated Statements of Operations.

Other Derivative Instruments

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and 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.

Fair Value of Derivative Instruments

See Note 12, "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.

The following table details the fair value of our derivative instruments included on our Condensed Consolidated Balance Sheets.

	Cash Flow		Net Investment Hedge		Non-Designated		Total	
(In millions)	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Derivative Assets								
Foreign currency forward contracts[2]	$ 0.4	$ 4.9	$ —	$ —	$ 10.1	$ 11.4	$ 10.5	$ 16.3
Interest rate currency swaps[2]	23.3	23.9	—	—	—	—	23.3	23.9
Total Derivative Assets	$ 23.7	$ 28.8	$ —	$ —	$ 10.1	$ 11.4	$ 33.8	$ 40.2
Derivative Liabilities								
Foreign currency forward contracts[2]	$ (2.0)	$ (0.1)	$ —	$ —	$ (15.9)	$ (11.5)	$ (17.9)	$ (11.6)
Cross-currency swaps	—	—	(42.1)	(5.3)	—	—	(42.1)	(5.3)
Total Derivative Liabilities[1]	$ (2.0)	$ (0.1)	$ (42.1)	$ (5.3)	$ (15.9)	$ (11.5)	$ (60.0)	$ (16.9)
Net Derivatives[3]	**$ 21.7**	**$ 28.7**	**$ (42.1)**	**$ (5.3)**	**$ (5.8)**	**$ (0.1)**	**$ (26.2)**	**$ 23.3**

(1) Excludes €400.0 million of euro-denominated debt ($453.9 million equivalent at June 30, 2017 and $416.7 million equivalent at December 31, 2016), designated as a net investment hedge.

(2) Amounts related to Diversey have been classified as held for sale on the Condensed Consolidated Balance Sheet. As of June 30, 2017, $(1.5) million related to foreign currency forward contracts and $23.3 million related to interest rate and currency swaps were reclassified to assets held for sale. As of December 31, 2016, $(1.4) million related to foreign currency forward contracts were reclassified to liabilities held for sale and $23.9 million related to interest rate and currency swaps were reclassified to assets held for sale. These financial instruments have been classified as Level 2 Inputs. Refer to Note 12 "Fair Value Measurements and Other Financial Instruments" for discussion of the inputs and valuation techniques used.

(3) The following table reconciles gross positions without the impact of master netting agreements to the balance sheet classification:

	Other Current Assets		Other Current Liabilities		Other Non-current Assets		Other Non-current Liabilities	
(In millions)	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Gross position	$ 16.8	$ 22.6	$ (18.0)	$ (11.6)	$ 17.1	$ 17.6	$ (42.1)	$ (5.3)
Reclassified to held for sale[1]	(6.5)	(7.3)	1.8	2.3	(17.1)	(17.6)	—	—
Impact of master netting agreements	(0.1)	(0.2)	0.1	0.2	—	—	—	—
Net amounts recognized on the Condensed Consolidated Balance Sheet	$ 10.2	$ 15.1	$ (16.1)	$ (9.1)	$ —	$ —	$ (42.1)	$ (5.3)

(1) Amounts related to Diversey have been classified as held for sale on the Condensed Consolidated Balance Sheet.

The following table details the effect of our derivative instruments on our Condensed Consolidated Statements of Operations.

	Amount of Gain (Loss) Recognized in Earnings on Derivatives			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Derivatives designated as hedging instruments:				
Cash Flow Hedges:				
Foreign currency forward contracts(1)(4)	$ 1.3	$ (1.5)	$ 1.9	$ 0.2
Interest rate and currency swaps(2)(4)	2.7	(13.3)	(1.1)	(24.2)
Treasury locks(3)	—	—	0.1	0.1
Sub-total cash flow hedges	4.0	(14.8)	0.9	(23.9)
Fair Value Hedges:				
Interest rate swaps	0.1	—	0.2	0.2
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts(4)	(3.4)	(8.1)	5.6	(18.7)
Total	$ 0.7	$ (22.9)	$ 6.7	$ (42.4)

(1) Amounts recognized on the foreign currency forward contracts were included in cost of sales during the three and six months ended June 30, 2017 and other (expense) income, net in the three and six months ended June 30, 2016.

(2) Amounts recognized on the interest rate and currency swaps for the three months ended June 30, 2017 and 2016, included a $3.6 million gain and $11.9 million loss, respectively, which is included in other (expense) income, net and interest (expense) income of $(1.0) million and $1.4 million, respectively, related to the hedge of the interest payments. Amounts recognized on the interest rate and currency swaps for the six months ended June 30, 2017 and 2016, included a $1.0 million gain and $21.7 million loss, respectively, which is included in other (expense) income, net and interest (expense) income of $(2.1) million and $2.4 million, respectively, related to the hedge of the interest payments.

(3) Amounts recognized on the treasury locks were included in interest expense which is related to amortization of terminated interest rate swaps.

(4) Amounts related to Diversey have been reclassified to earnings from discontinued operations before income tax provision on the Condensed Consolidated Statement of Operations. For the three months ended June 30, 2017 and June 30, 2016 there was $4.5 million and $(13.0) million reclassified, respectively. For the six months ended June 30, 2017 and June 30, 2016 there was $5.0 million and $(19.6) million reclassified, respectively.

Note 12 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:

	June 30, 2017			
(In millions)	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 47.7	$ 47.7	$ —	$ —
Compensating balance deposits	$ 54.9	$ 54.9	$ —	$ —
Derivative financial and hedging instruments net asset (liability):				
Foreign currency forward contracts and options	$ (7.5)	$ —	$ (7.5)	$ —
Interest rate and currency swaps	$ 23.3	$ —	$ 23.3	$ —
Cross-currency swaps	$ (42.1)	$ —	$ (42.1)	$ —

	December 31, 2016			
(In millions)	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 71.3	$ 71.3	$ —	$ —
Compensating balance deposits	$ 52.9	$ 52.9	$ —	$ —
Derivative financial and hedging instruments net asset (liability):				
Foreign currency forward contracts	$ 4.7	$ —	$ 4.7	$ —
Interest rate and currency swaps	$ 23.9	$ —	$ 23.9	$ —
Cross-currency swaps	$ (5.3)	$ —	$ (5.3)	$ —

Cash Equivalents

Our cash equivalents at June 30, 2017 and December 31, 2016 consisted of bank time deposits (Level 1). 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.

Compensating Balance Deposits

We have compensating balance deposits related to certain short-term borrowings. These represent bank certificates of deposits that will mature within the next 3 months.

Derivative Financial Instruments

Our foreign currency forward contracts, foreign currency options, euro-denominated debt, interest rate and currency swaps and cross-currency swaps are recorded at fair value on our Condensed Consolidated Balance Sheets using a discounted cash flow analysis that incorporates observable market inputs. These market inputs include foreign currency spot and forward rates, and various interest rate curves, and are obtained from pricing data quoted by various banks, third party sources and foreign currency dealers involving identical or comparable instruments (Level 2).

Counterparties to these foreign currency forward contracts have at least an investment grade rating. 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 any 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)trade 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, except for our euro-denominated debt as discussed above. 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:

	June 30, 2017		December 31, 2016	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term Loan A Facility due July 2017	$ 1,058.9	$ 1,058.9	$ 249.9	$ 249.9
Term Loan A Facility due July 2019[1]	250.0	250.0	1,067.8	1,067.8
6.50% Senior Notes due December 2020	423.3	473.1	423.1	477.3
4.875% Senior Notes due December 2022	420.0	451.6	419.6	437.6
5.25% Senior Notes due April 2023	420.0	455.2	419.7	441.1
4.50% Senior Notes due September 2023[1]	453.9	510.3	416.7	453.4
5.125% Senior Notes due December 2024	420.5	455.0	420.2	437.3
5.50% Senior Notes due September 2025	396.5	435.4	396.4	418.8
6.875% Senior Notes due July 2033	445.3	512.7	445.3	462.7
Other foreign loans[1]	210.0	210.4	78.9	79.2
Other domestic loans	179.1	178.8	21.4	21.3
Total debt	$ 4,677.5	$ 4,991.4	$ 4,359.0	$ 4,546.4
Less amounts included as liabilities held for sale	231.9	233.3	216.4	216.4
Total debt from continuing operations	$ 4,445.6	$ 4,758.1	$ 4,142.6	$ 4,330.0

(1) Includes borrowings denominated in currencies other than U.S. dollars.

In addition to the table above, the Company remeasures amounts related to contingent consideration liabilities related to acquisitions and certain equity compensation, that were carried at fair value on a recurring basis in the Condensed Consolidated Financial Statements or for which a fair value measurement was required. Refer to Note 3 “Divestitures and Acquisitions” of the 2016 Annual Form 10-K for information regarding contingent consideration and Note 16 “Stockholders’ Equity” of the Notes to Condensed Consolidated Financial Statements for share based compensation. 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, net, goodwill, intangible assets and asset retirement obligations.

Credit and Market Risk

Financial instruments, including derivatives, expose us to counterparty credit risk for nonperformance and to market risk related to changes in interest or currency exchange rates. We manage our exposure to counterparty credit risk through specific minimum credit standards, establishing credit limits, diversification of counterparties, and procedures to monitor concentrations of credit risk.

We do not expect any of our counterparties in derivative transactions to fail to perform as it is our policy to have counterparties to these contracts that have at least an investment grade rating. Nevertheless, there is a risk that our exposure to losses arising out of derivative contracts could be material if the counterparties to these agreements fail to perform their obligations. We will replace counterparties if a credit downgrade is deemed to increase our risk to unacceptable levels.

We regularly monitor the impact of market risk on the fair value and cash flows of our derivative and other financial instruments considering reasonably possible changes in interest and currency exchange rates and restrict the use of derivative financial instruments to hedging activities. We do not use derivative financial instruments for trading or other speculative purposes and do not use leveraged derivative financial instruments.

We continually monitor the creditworthiness of our diverse base of customers to which we grant credit terms in the normal course of business and generally do not require collateral. We consider the concentrations of credit risk associated with our trade accounts receivable to be commercially reasonable and believe that such concentrations do not leave us vulnerable to significant risks of near-term severe adverse impacts. The terms and conditions of our credit sales are designed to mitigate concentrations of credit risk with any single customer. Our sales are not materially dependent on a single customer or a small group of customers.

Note 13 Defined Benefit Pension Plans and Other Post-Employment Benefit Plans

The following table shows the components of our net periodic benefit cost (income) for our defined benefit pension plans for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Components of net periodic benefit cost or (income):						
Service cost	$ 0.1	$ 1.9	$ 2.0	$ 0.1	$ 2.5	$ 2.6
Interest cost	1.7	5.3	7.0	1.9	6.5	8.4
Expected return on plan assets	(2.4)	(10.2)	(12.6)	(2.5)	(9.0)	(11.5)
Amortization of net prior service cost	—	(0.1)	(0.1)	—	0.1	0.1
Amortization of net actuarial loss	0.2	2.6	2.8	0.5	2.1	2.6
Net periodic benefit cost (income)	(0.4)	(0.5)	(0.9)	—	2.2	2.2
Cost of settlement/curtailment	0.8	—	0.8	—	(0.3)	(0.3)
Total benefit cost (income)	$ 0.4	$ (0.5)	$ (0.1)	$ —	$ 1.9	$ 1.9

	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Components of net periodic benefit cost (income):						
Service cost	$ 0.1	$ 3.9	$ 4.0	$ 0.2	$ 5.0	$ 5.2
Interest cost	3.5	10.6	14.1	3.8	12.9	16.7
Expected return on plan assets	(4.9)	(20.3)	(25.2)	(5.0)	(18.1)	(23.1)
Amortization of net prior service cost	—	(0.1)	(0.1)	—	0.1	0.1
Amortization of net actuarial loss	0.4	5.2	5.6	1.0	4.4	5.4
Net periodic benefit cost (income)	(0.9)	(0.7)	(1.6)	—	4.3	4.3
Cost of settlement/curtailment	0.8	0.5	1.3	—	(0.2)	(0.2)
Total benefit cost (income)	$ (0.1)	$ (0.2)	$ (0.3)	$ —	$ 4.1	$ 4.1

The following table shows the components of our net periodic benefit cost for our other employee benefit plans for the three and six months ended June 30, 2017 and 2016:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Components of net periodic benefit cost or (income):				
Service costs	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Interest cost	0.4	0.4	0.9	0.9
Amortization of net prior service cost	(0.3)	(0.3)	(0.8)	(0.7)
Amortization of net actuarial loss	(0.1)	—	(0.1)	—
Net periodic benefit cost	$ 0.1	$ 0.2	$ 0.1	$ 0.3

The net periodic costs disclosed in the tables above include the plans of Diversey which are included in assets and liabilities held for sale on the Condensed Consolidated Balance Sheet. The amounts of the costs disclosed above charged to discontinued operations approximately were as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Defined benefit pension plans	$ (0.2)	$ 1.2	$ (0.4)	$ 2.4
Other employee benefit plans	—	—	—	—
Total (income) expense included in discontinued operations	$ (0.2)	$ 1.2	$ (0.4)	$ 2.4

Note 14 Income Taxes

Effective Income Tax Rate and Income Tax Provision

Our effective income tax rate for the three months ended June 30, 2017 was 66.3% and for the six months ended June 30, 2017 was 115.1%. Our effective income tax rate is higher than the statutory rate primarily due to the impact of recording additional tax expense related to the repatriation strategy for foreign earnings and tax versus book basis differences which should be recovered upon the sale of Diversey of $17.8 million and a tax expense related to a settlement of a foreign position of $3.4 million.

Our effective income tax rate for the three months ended June 30, 2016 was 97.1% and for the six months ended June 30, 2016 was 48.0%. The effective tax rate for the six months ended June 30, 2016 was negatively impacted by foreign currency exchange losses related to Venezuelan subsidiaries of approximately $47.3 million for which the Company will receive no tax benefits. As this loss was driven by the Company's change to an alternative foreign exchange market, the tax impact of this loss was treated as a discrete item in the second quarter of 2016. In the second quarter of 2016, the Company recorded a net discrete income tax expense of $22.3 million related to an increase in valuation allowance on foreign tax credits, a net increase in unrecognized tax benefits and balance sheet adjustments.

Unrecognized Tax Benefits

During the six months ended June 30, 2017, we decreased our unrecognized tax benefits by $1.7 million primarily related to expiration of the statute of limitations and settlements of foreign positions. We have not changed our policy with regard to the reporting of penalties and interest related to unrecognized tax benefits.

Note 15 Commitments and Contingencies

Cryovac Transaction Commitments and Contingencies

Refer to Part II, Item 8, Note 17, “Commitments and Contingencies” to our audited Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for a description of the Settlement agreement (as defined therein). As discussed within the Material Commitments and Contingencies section of Part II, Item 7, Management's Discussion and Analysis, we increased our unrecognized tax benefits by $104.0 million in 2015, for the recording of a reserve related to the Settlement payment. Although the disposition of this matter has not changed, the Company believes it has valid defenses, and strong arguments for the validity of the deductions, the ultimate outcome of negotiations may affect the utilization of certain tax attributes and require us to return all or a portion of the $235.2 million refund.

Environmental Matters

We are subject to loss contingencies resulting from environmental laws and regulations, and we accrue for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals are not reduced by potential insurance recoveries, if any. We do not believe that it is reasonably possible that our liability in excess of the amounts that we have accrued for environmental matters will be material to our Condensed Consolidated Balance Sheet or Statement of Operations. Environmental liabilities are reassessed whenever circumstances become better defined or remediation efforts and their costs can be better estimated.

We evaluate these liabilities periodically based on available information, including the progress of remedial investigations at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) or new sites are assessed and costs can be reasonably estimated, we adjust the recorded accruals, as necessary. We believe that these exposures are not material to our Condensed Consolidated Balance Sheet or Statement of Operations. We believe that we have adequately reserved for all probable and estimable environmental exposures.

Guarantees and Indemnification Obligations

We are a party to many contracts containing guarantees and indemnification obligations. These contracts primarily consist of:

- product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products will conform to specifications. We generally do not establish a liability for product warranty based on a percentage of sales or other formula. We accrue a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and annual expense related to product warranties are immaterial to our Condensed Consolidated Balance Sheet or Statement of Operations; and
- licenses of intellectual property by us to third parties in which we have agreed to indemnify the licensee against third party infringement claims.

Note 16 Stockholders' Equity

Repurchase of Common Stock

In July 2015, our Board of Directors authorized a repurchase program of up to $1.5 billion of the Company's common stock, reflecting its commitment to return value to shareholders. The repurchase program has no expiration date and replaced the previously authorized program, which was terminated. Refer to Part II, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" for further information. This program replaced our prior share repurchase program, approved by our Board of Directors in August 2007 authorizing us to repurchase in the aggregate up to 20 million shares of our outstanding common stock.

In March 2017, our Board of Directors authorized an increase to the existing share repurchase program by up to an additional $1.5 billion of the Company's common stock. With this increase the total authorization for future repurchases is approximately $1.9 billion as of June 30, 2017.

During the three and six months ended June 30, 2017, we repurchased 3,536,308 shares, for approximately $155.3 million. During the three and six months ended June 30, 2016, we repurchased 435,140 and 1,134,485 shares, for approximately $20.0 million and $52.0 million, respectively. These repurchases were made under privately negotiated or open market transactions in accordance with Rule 10b5-1 of the Securities Act of 1933, as amended, and pursuant to the share repurchase program previously approved by our Board of Directors.

In May 2017, the Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase up to $150.0 million of the Company's common stock. Through June 30, 2017, the Company had received a total of 2,235,677 shares. When the program concluded in July 2017, the Company received an additional 679,278 shares and the notional program size was reduced to $129.6 million. Over the life of the transaction, shares were repurchased at an average price of $44.47 per share.

Dividends

On May 18, 2017, our Board of Directors declared a quarterly cash dividend of $0.16 per common share, or $30.6 million, which was paid on June 16, 2017, to stockholders of record at the close of business day June 2, 2017.

On July 7, 2017, our Board of Directors declared a quarterly cash dividend of $0.16 per common share. The dividend is payable on September 15, 2017 to stockholders of record at the close of business on September 1, 2017.

The dividends paid in the six months ended June 30, 2017 were recorded as a reduction to cash and cash equivalents and retained earnings on our Condensed Consolidated Balance Sheets. Our credit facility and our 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 Condensed Consolidated Statement of Operations. There is no guarantee that our Board of Directors will declare any further dividends.

Share-based Incentive Compensation

We record share-based incentive compensation expense in selling, general and administrative expenses and cost of sales 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 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2017**	**2016**	**2017**	**2016**
Total share-based incentive compensation expense (1)(2)	$ 13.7	$ 17.0	$ 25.3	$ 32.0

(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 or the expense or income related to SARs and certain cash-based awards, however, the amounts include the expense related to share based awards that are settled in cash.

(2) Of the consolidated share-based incentive compensation expense, $2.7 million and $6.2 million for the three and six months ended June 30, 2017, respectively, and $2.8 million and $6.2 million for the three and six months ended June 30, 2016, respectively, were allocated to net earnings from discontinued operations, net of tax on the Condensed Consolidated Statement of Operations.

Performance Share Unit ("PSU") Awards

During the first 90 days of each year, the Organization and Compensation ("O&C") Committee of our Board of Directors approves PSU awards for our executive officers and other selected key executives, which include for each officer or executive a target number of shares of common stock and performance goals and measures that will determine the percentage of the target award that is earned following the end of the three-year performance period. Following the end of the performance period, in addition to shares, participants will also receive a cash payment in the amount of the dividends (without interest) that would have been paid during the performance period on the number of shares that they have earned. Each PSU is subject to forfeiture if the recipient terminates employment with the Company prior to the end of the three years award performance period for any reason other than death, disability or retirement. In the event of death, disability or retirement, a participant will receive a prorated payment based on such participant's number of full months of service during the award performance period, further adjusted based on the achievement of the performance goals during the award performance period. All of these PSUs are classified as equity in the Condensed Consolidated Balance Sheet.

2017 Three-year PSU Awards

In March 2017, the O&C Committee approved awards with a three-year performance period beginning January 1, 2017 to December 31, 2019 for certain executives. The O&C Committee established principal performance goals, which are (i) total shareholder return (TSR) weighted at 34%, (ii) 2019 consolidated adjusted EBITDA margin weighted at 33%, and (iii) Net

Sales Compound Average Growth Rate in 2019 based on 2016 Net Sales weighted at 33%. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares.

The number of PSUs granted and the grant date fair value of the PSUs are shown in the following table:

	TSR	Net Sales CAGR	Adjusted EBITDA
Number of units granted	100,958	99,522	99,522
Fair value on grant date[1]	$ 46.07	$ 45.36	$ 45.36

(1) Certain grants of the 2017 Three-year PSU awards were modified during the three months ended June 30, 2017. The impact to our total share-based incentive compensation expense and Condensed Consolidated Statement of Operations is not material.

The assumptions used to calculate the grant date fair value of the PSUs based on TSR are shown in the following table:

	TSR portion of the 2017 PSU Award
Expected price volatility	25.0%
Risk-free interest rate	1.6%

2014 Three-year PSU Awards

In February 2017, the O&C Committee reviewed the performance results for the 2014-2016 PSUs. Performance goals for these PSUs were based on Adjusted EBITDA margins and relative TSR. Based on overall performance for 2014-2016 PSUs, these awards paid out at 196% of target or 636,723 units.

2014 Special PSU Awards

In February 2017, the O&C Committee reviewed the performance results for the first tranche of the 2014 Special PSUs. The performance goal for the Special PSUs was based on Adjusted Free Cash Flow with potential cancellation or reduction based on 2016 Adjusted EPS and relative TSR. The overall performance for Special PSUs was above maximum achievement levels and as a result these awards paid out at 200% of target or 749,653 share-settled units. The remaining 50% of the award will be issued in the first quarter of 2018 contingent on the final performance goal of working capital as a percentage of 2017 Net Trade Sales.

Note 17 Accumulated Other Comprehensive Income (Loss)

The following table provides details of comprehensive income (loss) for the six months ended June 30, 2017 and 2016:

(In millions)	Unrecognized Pension Items	Cumulative Translation Adjustment	Unrecognized Gains (Losses) on Derivative Instruments for net investment hedge	Unrecognized Gains (Losses) on Derivative Instruments for cash flow hedge	Accumulated Other Comprehensive Income (Loss), Net of Taxes
Balance at December 31, 2015	$ (266.0)	$ (564.0)	$ 1.7	$ 8.3	$ (820.0)
Other comprehensive income (loss) before reclassifications	0.2	30.5	(7.1)	(20.6)	3.0
Less: amounts reclassified from accumulated other comprehensive income (loss)	3.6	(46.0)	—	15.9	(26.5)
Net current period other comprehensive income (loss)	3.8	(15.5)	(7.1)	(4.7)	(23.5)
Balance at June 30, 2016[1]	$ (262.2)	$ (579.5)	$ (5.4)	$ 3.6	$ (843.5)
Balance at December 31, 2016	$ (276.7)	$ (701.9)	$ 21.0	$ 8.5	$ (949.1)
Other comprehensive income (loss) before reclassifications	1.8	73.8	(44.4)	(5.3)	25.9
Less: amounts reclassified from accumulated other comprehensive income (loss)	3.5	—	—	(0.9)	2.6
Net current period other comprehensive income (loss)	5.3	73.8	(44.4)	(6.2)	28.5
Balance at June 30, 2017[1]	$ (271.4)	$ (628.1)	$ (23.4)	$ 2.3	$ (920.6)

(1) The ending balance in AOCI includes gains and losses on intra-entity foreign currency transactions. The intra-entity currency translation adjustment was $(23.3) million as of June 30, 2017 and $(23.3) million as of June 30, 2016.

The following table provides detail of amounts reclassified from accumulated other comprehensive income:

(In millions)	Three Months Ended June 30, 2017[1]	Three Months Ended June 30, 2016[1]	Six Months Ended June 30, 2017[1]	Six Months Ended June 30, 2016[1]	Location of Amount Reclassified from AOCI
Defined benefit pension plans and other post-employment benefits:					
Prior service costs	$ 0.4	$ 0.2	$ 0.9	$ 0.6	[2]
Actuarial losses	(2.7)	(2.6)	(5.5)	(5.4)	[2]
Total pre-tax amount	(2.3)	(2.4)	(4.6)	(4.8)	
Tax (expense) benefit	0.5	0.6	1.1	1.2	
Net of tax	(1.8)	(1.8)	(3.5)	(3.6)	
Reclassification from cumulative translation adjustment:					
Charges related to Venezuelan subsidiaries	—	46.0	—	46.0	[5]
Net gains (losses) on cash flow hedging derivatives:					
Foreign currency forward contracts	1.3	(1.5)	1.9	0.2	[3][4] Other income (expense), net
Interest rate and currency swaps	2.8	(13.2)	(0.9)	(24.0)	[3][4]
Treasury locks	—	—	0.1	0.1	[3] Interest expense
Total pre-tax amount	4.1	(14.7)	1.1	(23.7)	
Tax (expense) benefit	(1.5)	4.3	(0.2)	7.8	
Net of tax	2.6	(10.4)	0.9	(15.9)	
Total reclassifications for the period	$ 0.8	$ 33.8	$ (2.6)	$ 26.5	

[1] Amounts in parenthesis indicate changes to earnings (loss).
[2] These accumulated other comprehensive components are included in the computation of net periodic benefit costs within cost of sales and selling, general, and administrative expenses on the Condensed Consolidated Statement of Operations.
[3] These accumulated other comprehensive components are included in our derivative and hedging activities. See Note 11, "Derivatives and Hedging Activities," of the Notes to Consolidated Financial Statements for additional details.
[4] Amounts related to the interest rate and currency swaps will be reclassified to earnings from discontinued operations before income tax provision.
[5] Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to the Note 1 "Organization and Basis of Presentation," of the Condensed Consolidated Financial Statement for further details.

Note 18 Other (Expense) Income, net

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

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Interest and dividend income	$ 3.2	$ 2.0	$ 5.4	$ 3.6
Net foreign exchange transaction (losses) gains	(3.5)	5.2	(7.5)	4.8
Bank fee expense	(1.4)	(1.4)	(3.2)	(2.7)
Net (loss) gain on disposals of business and property and equipment	(0.1)	(0.5)	2.2	(3.1)
Other, net	(2.1)	(0.8)	(3.1)	(1.6)
Other (expense) income, net	$ (3.9)	$ 4.5	$ (6.2)	$ 1.0

Note 19 Net Earnings Per Common Share

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

(In millions, except per share amounts)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Basic Net Earnings Per Common Share:				
Numerator				
Net (loss) earnings available to common stockholders	$ 87.8	$ 49.6	$ 44.6	$ 152.0
Distributed and allocated undistributed net loss to non-vested restricted stockholders	(0.6)	(0.1)	(0.2)	(1.1)
Distributed and allocated undistributed net earnings to common stockholders	87.2	49.5	44.4	150.9
Distributed net (loss) earnings - dividends paid to common stockholders	(30.4)	(31.5)	(61.4)	(56.7)
Allocation of undistributed net (loss) earnings to common stockholders	**$ 56.8**	**$ 18.0**	**$ (17.0)**	**$ 94.2**
Denominator				
Weighted average number of common shares outstanding - basic	192.5	195.6	192.9	195.4
Basic net earnings per common share:				
Distributed net earnings to common stockholders	$ 0.16	$ 0.16	$ 0.32	$ 0.29
Allocated undistributed net earnings (loss) to common stockholders	0.29	0.09	(0.09)	0.47
Basic net earnings per common share[(1)]	**$ 0.45**	**$ 0.25**	**$ 0.23**	**$ 0.76**
Diluted Net Earnings Per Common Share:				
Numerator				
Distributed and allocated undistributed net earnings to common stockholders	$ 87.2	$ 49.5	$ 44.4	$ 150.9
Add: Allocated undistributed net earnings to unvested restricted stockholders	0.4	0.1	—	0.7
Less: Undistributed net earnings (loss) reallocated to non-vested restricted stockholders	(0.4)	(0.1)	—	(0.7)
Net earnings available to common stockholders - diluted	**$ 87.2**	**$ 49.5**	**$ 44.4**	**$ 150.9**
Denominator				
Weighted average number of common shares outstanding - basic	192.5	195.6	192.9	195.4
Effect of contingently issuable shares	0.7	0.9	0.7	0.8
Effect of unvested restricted stock units	1.0	1.0	1.0	1.0
Weighted average number of common shares outstanding - diluted under two-class	**194.2**	**197.5**	**194.6**	**197.2**
Effect of unvested restricted stock - participating security	0.6	0.9	0.7	0.8
Weighted average number of common shares outstanding - diluted under treasury stock	194.8	198.4	195.3	198.0
Diluted net earnings per common share[(1)]	**$ 0.45**	**$ 0.25**	**$ 0.23**	**$ 0.76**

(1) The Company early adopted ASU 2016-09 on a prospective basis as required, related to the recognition of excess tax benefits to the income statement which were previously recorded in additional paid-in capital, effective January 1, 2016. This resulted in an additional 456,352 and 436,288 diluted weighted average number of common shares outstanding for the three and six months ended June 30, 2016, respectively, and recognition of excess tax benefits of $9.6 million in net earnings from continuing operations and $1.0 million in net earnings from discontinued operations for the six months ended June 30, 2016 (there was no impact for the three months ended June 30, 2016). As a result, net earnings per common share increased by $0.05 per share for the six months ended June 30, 2016 and no impact for the three months ended June 30, 2016. Refer to Note 2, "Recently Issued Accounting Standards," of the Notes to the Condensed Consolidated Financial Statements for further details.

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 2016 Form 10-K and our Consolidated Financial Statements and related notes set forth in Item 8 of Part II of our 2016 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 or where otherwise noted. When we cross-reference to a "Note," we are referring to our "Notes to Condensed Consolidated Financial Statements," unless the context indicates otherwise.

Recent Events and Trends

Agreement with SC Johnson & Son

Diversey Care division has reached a mutual agreement with SCJ to end the existing business relating to Sealed Air's distribution of SCJ-branded products to the professional market under the existing Brand License Agreement ("BLA"). The BLA expired on May 2, 2017, with the exception of Australia, New Zealand, Argentina, Chile, Czech Republic and Poland, where the BLA expired on January 1, 2017. While the expiration of the BLA will negatively impact the results of operations for the Diversey Care segment near term, the Company is actively engaged in efforts to replace the business lost, including developing new partnerships, expanding existing relationships and growing the Diversey brand into new channels.

Sale of Diversey

On March 25, 2017, we entered into a definitive agreement to sell our Diversey Care division and the food hygiene and cleaning business within our Food Care division for gross proceeds of USD equivalent to $3.2 billion, subject to customary closing conditions. The transaction is expected to be completed in the third quarter of 2017. The transaction is expected to generate approximately $2.5 billion in net cash, on an after tax basis. We intend to use the cash generated from this transaction to repay debt and maintain our credit profile, repurchase shares to minimize earnings dilution, and fund core growth initiatives, including potential complementary acquisitions to our Food Care and Product Care divisions. Refer to Note 3, "Discontinued Operations," of the Notes to the Condensed Consolidated Financial Statements for additional information on the sale. We expect to close the sale in September, 2017.

Outlook

For the remainder of 2017, we expect sales growth in both our Food Care and Product Care divisions. Within Food Care, we continue to expect growth in North America and improvement in Europe, Middle East and Africa (EMEA) throughout the year. Within Product Care, we expect continued growth in the e-Commerce and fulfillment markets, and stabilization in the industrial sector. EBITDA is expected to be positively impacted by volume growth, partially offset by higher raw material costs, a higher mix of e-Commerce and fulfillment sales, and the impact of functional support and related expenses previously allocated to Diversey that did not qualify for discontinued operations.

Highlights of Financial Performance

Below are the highlights of our financial performance for the three and six months ended June 30, 2017 and 2016:

(In millions, except per share amounts)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Net sales	$ 1,070.3	$ 1,038.9	3.0 %	$ 2,102.5	$ 2,044.8	2.8 %
Gross profit	$ 344.3	$ 349.6	(1.5)%	680.7	$ 685.2	(0.7)%
As a % of net sales	*32.2%*	*33.7%*		*32.4%*	*33.5%*	
Operating profit	$ 139.4	$ 147.6	(5.6)%	$ 273.1	$ 295.5	(7.6)%
As a % of net sales	*13.0%*	*14.2%*		*13.0%*	*14.5%*	
Net (loss) earnings from continuing operations	$ 28.5	$ 1.6	1,681.3 %	$ (25.3)	$ 76.5	(133.1)%
Net earnings from discontinued operations	59.3	48.0	23.5 %	69.9	75.5	(7.4)%
Net earnings available to common stockholders	$ 87.8	$ 49.6	77.0 %	$ 44.6	$ 152.0	(70.7)%
Basic:						
Continuing operations	$ 0.14	$ 0.01	1,300.0 %	$ (0.13)	$ 0.38	(134.2)%
Discontinued operations	0.31	0.24	29.2 %	0.36	0.38	(5.3)%
Net earnings per common share-basic	$ 0.45	$ 0.25	80.0 %	$ 0.23	$ 0.76	(69.7)%
Diluted:						
Continuing operations	$ 0.14	$ 0.01	1,300.0 %	$ (0.13)	$ 0.38	(134.2)%
Discontinued operations	0.31	0.24	29.2 %	0.36	0.38	(5.3)%
Net earnings per common share-diluted	$ 0.45	$ 0.25	80.0 %	$ 0.23	$ 0.76	(69.7)%
Weighted average numbers of common shares outstanding:						
Basic	192.5	195.6		192.9	195.4	
Diluted	194.8	198.4		195.3	198.0	
Non-U.S. GAAP Adjusted EBITDA from continuing operations[(1)]	$ 196.3	$ 193.7	1.3 %	$ 378.2	$ 379.9	(0.4)%
Non-U.S. GAAP Adjusted EPS from continuing operations[(2)]	$ 0.35	$ 0.37	(5.4)%	$ 0.78	$ 0.78	— %

(1) See Note 4, "Segments" of the Notes to Consolidated Financial Statements for a reconciliation of U.S. GAAP net earnings from continuing operations to Non-U.S. GAAP Adjusted EBITDA from continuing operations.

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

Diluted Net Earnings per Common Share

The following table presents a reconciliation of our U.S. GAAP EPS from continuing operations to non-U.S. GAAP adjusted EPS from continuing operations.

(In millions, except per share data)	Three Months Ended June 30, 2017 Net Earnings	2017 EPS	2016 Net Earnings	2016 EPS	Six Months Ended June 30, 2017 Net Earnings	2017 EPS	2016 Net Earnings	2016 EPS
U.S. GAAP net earnings (loss) and EPS available to common stockholders from continuing operations[1]	$ 28.5	$ 0.14	$ 1.6	$ 0.01	$ (25.3)	$ (0.13)	$ 76.5	$ 0.38
Special items[2]	40.0	0.21	71.6	0.36	178.5	0.91	79.5	0.40
Non-U.S. GAAP adjusted net earnings and adjusted EPS available to common stockholders from continuing operations	$ 68.5	$ 0.35	$ 73.2	$ 0.37	$ 153.2	$ 0.78	$ 156.0	$ 0.78
Weighted average number of common shares outstanding - Diluted		194.8		198.4		195.3		198.0

(1) Net earnings per common share are calculated under the two-class method.
(2) Special items include the following:

(In millions, except per share data)	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Special Items:				
Restructuring and other charges[1]	$ (2.0)	$ (0.9)	$ (3.9)	$ (0.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(5.9)	(4.1)	(9.8)	(8.0)
SARs	—	(0.9)	—	(1.0)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(0.6)	—	(1.6)
Charges related to ceasing operations in Venezuela[1]	—	(47.3)	—	(47.3)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	(0.2)	—	2.1	(1.6)
(Loss) gain related to the sale of other businesses, investments and property, plant and equipment	(0.2)	(0.4)	(0.2)	(2.1)
Charges related to the sale of Diversey	(17.8)	—	(33.9)	—
Other special items[2]	(1.5)	1.8	2.6	0.4
Pre-tax impact of special items	$ (27.6)	$ (52.4)	$ (43.1)	$ (61.9)
Tax impact of special items and tax special items[3]	(12.4)	(19.2)	(135.4)	(17.6)
Net impact of special items	$ (40.0)	$ (71.6)	$ (178.5)	$ (79.5)
Weighted average number of common shares outstanding - Diluted	194.8	$ 198.4	195.3	198
Earnings per share impact from special items	$ (0.21)	$ (0.36)	$ (0.91)	$ (0.40)

(1) Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 1, "Organization and Basis of Presentation," of the Condensed Consolidated Financial Statements for further details.
(2) Other special items for the six months ended June 30, 2017 primarily included a recovered wage tax as the result of a court ruling partially offset by legal fees associated with restructuring and acquisitions. For the three months ended June 30, 2017 other special items primarily included an expense related to the recovered wage tax reserve as well as legal fees associated with restructuring and acquisitions. Other special items for the three and six months ended June 30, 2016 primarily included a reduction in a non-income tax reserve following the completion of a governmental audit partially offset by legal fees associated with restructuring and acquisitions.
(3) Refer to Note 1 to the table below for a description of Special Items related to tax.

Our U.S. GAAP and non-U.S. GAAP income taxes are as follows:

(In millions, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
U.S. GAAP Earnings before income tax provision from continuing operations	$ 84.6	$ 54.6	$ 167.2	$ 147.1
Pre-tax impact of special items	(27.6)	(52.4)	(43.1)	(61.9)
Non-U.S. GAAP Adjusted Earnings before income tax provision from continuing operations	$ 112.2	$ 107.0	$ 210.3	$ 209.0
U.S. GAAP Income tax provision from continuing operations	$ 56.1	$ 53.0	$ 192.5	$ 70.6
Tax Special Items[(1)]	(21.6)	(21.1)	(149.9)	(21.1)
Tax impact of special items	9.2	1.9	14.5	3.5
Non-U.S. GAAP Adjusted Income tax provision from continuing operations	$ 43.7	$ 33.8	$ 57.1	$ 53.0
U.S. GAAP Effective income tax rate	66.3%	97.1%	115.1%	48.0%
Non-U.S. GAAP Adjusted income tax rate	38.9%	31.6%	27.2%	25.4%

(1) For the three months and six months ended June 30, 2017, the special tax items included $18 million and $145 million respectively, of tax expense recorded in accordance with the pending sale of Diversey. Refer to Note 14, "Income Taxes," of the Notes to the Condensed Consolidated Financial Statements for additional information.

Foreign Currency Translation Impact on Condensed Consolidated Financial Results

Since we are a U.S.-domiciled company, we translate our foreign currency-denominated financial results into U.S. dollars. Due to the changes in the value of foreign currencies relative to the U.S. dollar, translating our financial results from foreign currencies to U.S. dollars may result in a favorable or unfavorable impact. Historically, the most significant currencies that have impacted the translation of our Condensed Consolidated Financial Results are the euro, Australian dollar, British pound, Mexican peso, New Zealand dollar, and Brazilian real.

The following table presents the approximate favorable or (unfavorable) impact foreign currency translation had on some of our Condensed Consolidated Financial Results from continuing operations:

(In millions)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Net sales	$ (7.3)	$ (7.9)
Cost of sales	$ 5.2	$ 3.3
Selling, general and administrative expenses	$ 0.8	$ 1.0
Net earnings	$ (0.8)	$ (2.5)
Adjusted EBITDA	$ (1.5)	$ (3.2)

Net Sales by Geographic Region

The following tables present the components of the change in net sales by geographic region for the three and six months ended June 30, 2017 compared with 2016. 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 as it eliminates the volatility of changes in foreign currency exchange rates.

	Three Months Ended June 30,									
(In millions)	North America		EMEA[2]		Latin America		APAC[3]		Total	
2016 net sales	$ 544.8	*52.4 %*	$ 248.8	*24.0 %*	$ 99.4	*9.6 %*	$ 145.9	*14.0 %*	$ 1,038.9	
Volume-Units	49.7	9.1 %	(1.9)	(0.8)%	(5.9)	(5.9)%	(1.2)	(0.8)%	40.7	3.9 %
Price/mix[1]	(1.3)	(0.2)%	(1.4)	(0.6)%	1.6	1.6 %	(0.9)	(0.6)%	(2.0)	(0.2)%
Total constant dollar change (Non-U.S.GAAP)	48.4	8.9 %	(3.3)	(1.4)%	(4.3)	(4.3)%	(2.1)	(1.4)%	38.7	3.7 %
Foreign currency translation	(0.9)	(0.2)%	(5.7)	(2.3)%	0.2	0.2 %	(0.9)	(0.6)%	(7.3)	(0.7)%
Total change (U.S. GAAP)	**$ 47.5**	**8.7 %**	**$ (9.0)**	**(3.7)%**	**$ (4.1)**	**(4.1)%**	**$ (3.0)**	**(2.0)%**	**$ 31.4**	**3.0 %**
2017 net sales	**$ 592.3**	*55.3 %*	**$ 239.8**	*22.4 %*	**$ 95.3**	*8.9 %*	**$ 142.9**	*13.4 %*	**$ 1,070.3**	

	Six Months Ended June 30,									
(In millions)	North America		EMEA[2]		Latin America		APAC[3]		Total	
2016 net sales	$ 1,076.4	*52.6 %*	$ 484.2	*23.7 %*	$ 190.3	*9.3 %*	$ 293.9	*14.4 %*	$ 2,044.8	
Volume-Units	89.1	8.3 %	(5.5)	(1.1)%	(4.6)	(2.4)%	—	— %	79.0	3.9 %
Price/mix[1]	(10.5)	(1.0)%	(6.1)	(1.3)%	5.3	2.8 %	(2.1)	(0.7)%	(13.4)	(0.7)%
Total constant dollar change (Non-U.S.GAAP)	78.6	7.3 %	(11.6)	(2.4)%	0.7	0.4 %	(2.1)	(0.7)%	65.6	3.2 %
Foreign currency translation	(0.3)	— %	(13.7)	(2.8)%	1.7	0.9 %	4.4	1.5 %	(7.9)	(0.4)%
Total change (U.S. GAAP)	**$ 78.3**	**7.3 %**	**$ (25.3)**	**(5.2)%**	**$ 2.4**	**1.3 %**	**$ 2.3**	**0.8 %**	**$ 57.7**	**2.8 %**
2017 net sales	**$ 1,154.7**	*54.9 %*	**$ 458.9**	*21.8 %*	**$ 192.7**	*9.2 %*	**$ 296.2**	*14.1 %*	**$ 2,102.5**	

(1) Our 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 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 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 table above.

(2) EMEA = Europe, Middle East and Africa

(3) APAC = Asia, Australia, New Zealand, Japan and Korea

Net Sales by Segment

The following tables present the components of change in net sales by our segment reporting structure for the three and six months ended June 30, 2017 compared with 2016. 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 as it eliminates the volatility of changes in foreign currency exchange rates.

	Three Months Ended June 30,					
(In millions)	Food Care		Product Care		Total Company	
2016 Net Sales	$ 664.6	*64.0 %*	$ 374.3	*36.0 %*	$ 1,038.9	
Volume - Units	17.9	2.7 %	22.8	6.1 %	40.7	3.9 %
Price/mix[1]	(0.4)	(0.1)%	(1.6)	(0.4)%	(2.0)	(0.2)%
Total constant dollar change (Non-U.S. GAAP)	17.5	2.6 %	21.2	5.7 %	38.7	3.7 %
Foreign currency translation	(2.6)	(0.4)%	(4.7)	(1.3)%	(7.3)	(0.7)%
Total change (U.S. GAAP)	**$ 14.9**	**2.2 %**	**$ 16.5**	**4.4 %**	**$ 31.4**	**3.0 %**
2017 Net Sales	**$ 679.5**	*63.5 %*	**$ 390.8**	*36.5 %*	**$ 1,070.3**	

	Six Months Ended June 30,					
(In millions)	Food Care		Product Care		Total Company	
2016 Net Sales	$ 1,303.0	*63.7 %*	$ 741.8	*36.3 %*	$ 2,044.8	
Volume - Units	37.7	2.9 %	41.3	5.6 %	79.0	3.9 %
Price/mix[1]	(6.6)	(0.5)%	(6.8)	(0.9)%	(13.4)	(0.7)%
Total constant dollar change (Non-U.S. GAAP)	31.1	2.4 %	34.5	4.7 %	65.6	3.2 %
Foreign currency translation	1.0	0.1 %	(8.9)	(1.2)%	(7.9)	(0.4)%
Total change (U.S. GAAP)	**$ 32.1**	**2.5 %**	**$ 25.6**	**3.5 %**	**$ 57.7**	**2.8 %**
2017 Net Sales	**$ 1,335.1**	*63.5 %*	**$ 767.4**	*36.5 %*	**$ 2,102.5**	

(1) Our 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 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 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 table above.

The following net sales discussion is on a reported and constant dollar basis.

Food Care

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, net sales increased $15 million, or 2%, in 2017 compared with 2016, of which $18 million was due to increase in volume output. On a constant dollar basis, net sales increased $18 million, or 3%, in 2017 compared with 2016 primarily due to the following:

- higher unit volumes of $30 million, reflecting an increase in North America on strong demand of protein packaging and an increase in EMEA.

This was partially offset by:

- lower unit volumes of $12 million in Latin America reflecting continued economic uncertainty and social and political instability, as well as APAC which was negatively impacted by historically low slaughter rates in Australia; and

- unfavorable price/mix of less than $1 million, reflecting an decrease in EMEA, due primarily to pricing initiatives implemented to offset currency devaluation, which were partially offset by favorable price/mix in North America and Latin America.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, net sales increased $32 million, or 3%, in 2017 compared to 2016. On a constant dollar basis, net sales increased $31 million, or 2%, in 2017 compared with 2016 primarily due to the following:

- higher unit volumes of $56 million, reflecting an increase in North America on strong demand of protein packaging.

This was partially offset by:

- lower unit volumes of $18 million primarily due to historically low slaughter rates in Australia and lower unit volumes in Latin America and EMEA reflecting continued economic uncertainty and social and political instability; and
- unfavorable price/mix of $7 million, reflecting a decrease in EMEA, North America and APAC, due primarily to pricing initiatives implemented to offset currency devaluation, which were partially offset by favorable price/mix in Latin America.

Product Care

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, net sales increased $17 million, or 4%, in 2017 as compared to 2016. On a constant dollar basis, net sales increased $21 million, or 6%, in 2017 compared with 2016 primarily due to the following:

- higher unit volumes of $27 million, primarily in North America due to ongoing strength in the e-Commerce and third party logistics markets as well as increased volume units in APAC.

This was partially offset by:

- lower unit volumes of $4 million primarily due to rationalization efforts, declines in EMEA and Latin America due to the economic and political environment, and weakness in the industrial sectors; and
- unfavorable price/mix of $2 million primarily related to the increase of e-Commerce volumes in North America.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, net sales increased $26 million, or 4%, in 2017 as compared to 2016. On a constant dollar basis, net sales increased $35 million, or 5%, in 2017 compared with 2016 primarily due to the following:

- higher unit volumes of $43 million, primarily in North America due to ongoing strength in the e-Commerce and third party logistics markets as well as increased volume units in APAC.

This was partially offset by:

- unfavorable price/mix of $7 million primarily related to the increase of e-Commerce volumes in North America; and
- lower unit volumes of $2 million primarily due to rationalization efforts, declines in EMEA and Latin America due to economic and political environment, and weakness in the industrial sectors.

Cost of Sales

Cost of sales for the three and six months ended June 30, 2017 and 2016 were as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Net sales	$ 1,070.3	$ 1,038.9	3.0%	$ 2,102.5	$ 2,044.8	2.8%
Cost of sales	726.0	689.3	5.3%	1,421.8	1,359.6	4.6%
As a % of net sales	67.8%	66.3%		67.6%	66.5%	

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, cost of sales increased by $37 million, or 5%, in 2017 as compared to 2016. Cost of sales was impacted by favorable foreign currency translation of $5 million. On a constant dollar basis, cost of sales increased $42 million, or 6%, primarily due to higher raw material costs on increased sales volumes and non-material inflation partially offset by restructuring savings.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, cost of sales increased by $62 million, or 5%, in 2017 as compared to 2016. Cost of sales was impacted by unfavorable foreign currency translation of $3 million. On a constant dollar basis, cost of sales increased $65 million, or 5%, primarily due to higher raw material costs on increased sales volumes and non-material inflation partially offset by restructuring savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) for the three and six months ended June 30, 2017 and 2016 are included in the table below.

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
(In millions)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Selling, general and administrative expenses	$ 201.8	$ 197.3	2.3%	$ 397.6	$ 382.4	4.0%
As a % of net sales	18.9%	19.0%		18.9%	18.7%	

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, SG&A expenses increased by $4 million, or 2%, in 2017 as compared to 2016. SG&A expenses were impacted by favorable foreign currency translation of $1 million. On a constant dollar basis, SG&A expenses increased $3 million, or 3%, primarily related to $18 million related to the pending sale of Diversey partially offset by cost synergies and lower incentive based compensation.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

As reported, SG&A expenses increased by $14 million, or 4%, in 2017 as compared to 2016. SG&A expenses were impacted by favorable foreign currency translation of $1 million. On a constant dollar basis, SG&A expenses increased $13 million, or 3%, primarily related to $34 million related to the pending sale of Diversey partially offset by cost synergies, lower incentive based compensation and lower spending.

Amortization Expense of Intangible Assets Acquired

Amortization expense of intangible assets acquired for the three and six months ended June 30, 2017 and 2016 were as follows:

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
(In millions)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Amortization expense of intangible assets acquired	$ 1.1	$ 3.5	(68.6)%	$ 6.1	$ 6.3	(3.2)%
As a % of net sales	0.1%	0.3%		0.3%	0.3%	

The decrease in amortization expense of intangibles for the three months ended June 30, 2017 was primarily related to the write-down of software that was no longer in use. For the six months ended June 30, 2017, amortization expense remained constant as compared to the same period in 2016.

Restructuring Activities

See Note 9, “Restructuring and Relocation Activities,” of the Notes to Condensed Consolidated Financial Statements for additional details regarding each of the Company’s restructuring programs discussed below, restructuring plan’s accrual, spending and other activity for the three and six months ended June 30, 2017.

As reported in our 2016 Form 10-K, our December 2011 Integration and Optimization Program (“IOP”) is substantially complete, while the May 2013 Earnings Quality Improvement Program (“EQIP”) is nearing completion. In the first quarter of 2016, the Board of Directors agreed to consolidate the remaining activities of those programs together with the December 2014 Fusion program to create a single program to be called the “Sealed Air Restructuring Program” or the “Program.”

The combined programs are estimated to generate incremental cost savings of $100 million to $110 million per annum (which includes approximately $50 million related to discontinued operations) by the end of 2019, compared with the savings run rate achieved by the end of 2015, of which approximately $25 million is expected to be achieved in 2017, including approximately $15 million of savings in discontinued operations.

For the three and six months ended June 30, 2017, the Program generated cost savings of $8 million and $15 million, respectively, (which included $6 million and $12 million in discontinued operations, respectively) primarily in selling, general and administration expenses.

Additionally, the Program is expected to generate one-time cash and benefits of approximately $70 million from the sale of certain assets, state and local incentives in connection with the relocation of the Company’s headquarters and reductions in working capital. Through June 30, 2017, we had generated $30 million in cash related to the sale of our facility located in Racine, Wisconsin, $4 million from other site sales and $9 million from grants and other working capital benefits.

The actual timing of future costs and cash payments related to the Program described above and our relocation activities are subject to change due to a variety of factors that may cause a portion of the costs, spending and benefits to occur later than expected. In addition, changes in foreign exchange rates may impact future costs, spending, benefits and cost synergies.

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 and credit facility fees, bond discounts, and terminated treasury locks.

Interest expense for the three and six months ended June 30, 2017 and 2016 was as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	2017 vs. 2016 Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	2017 vs. 2016 Change
Interest expense on our various debt instruments:						
Term Loan A due July 2017	1.6	1.2	0.4	3.1	2.5	0.6
Term Loan A due July 2019 (October 2016 prior to refinance)	5.7	5.4	0.3	10.9	9.5	1.4
Revolving credit facility due July 2019 (October 2016 prior to refinance)	0.6	0.6	—	1.2	1.2	—
6.50% Senior Notes due December 2020	7.0	7.0	—	13.9	14.0	(0.1)
4.875% Senior Notes due December 2022	5.3	5.4	(0.1)	10.7	10.7	—
5.25% Senior Notes due April 2023	5.7	5.8	(0.1)	11.5	11.5	—
4.50% Senior Notes due September 2023	5.1	5.1	—	10.0	10.2	(0.2)
5.125% Senior Notes due December 2024	5.5	5.5	—	11.1	11.1	—
5.50% Senior Notes due September 2025	5.5	5.6	(0.1)	11.1	11.2	(0.1)
6.875% Senior Notes due July 2033	7.7	7.7	—	15.5	15.5	—
Other interest expense	1.2	3.9	(2.7)	3.7	8.3	(4.6)
Less: capitalized interest	—	(2.3)	2.3	(3.0)	(3.9)	0.9
Total	$ 50.9	$ 50.9	$ —	$ 99.7	$ 101.8	$ (2.1)

Foreign Currency Exchange (Losses) Gains Related to Venezuelan Subsidiaries

Effective January 1, 2010, Venezuela was designated a highly inflationary economy. The foreign currency exchange gains and losses we recorded in 2017 and 2016 for our Venezuelan subsidiary were the result of the significant changes in the exchange rates used to remeasure our Venezuelan subsidiary's financial statements at the balance sheet date. We believe these gains and losses are attributable to the unstable foreign currency environment in Venezuela. See Note 1, "Organization and Basis of Presentation – Impact of Inflation and Currency Fluctuation," of the Notes to Condensed Consolidated Financial Statements for further details.

Ceasing Operations in Venezuela

Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Foreign exchange control regulations have affected our Venezuelan subsidiaries ability to obtain inventory and maintain normal production. This resulted in total costs of $47.3 million being incurred in the second quarter of 2016 which included the following (i) a voluntary reduction in headcount including severance and termination benefits for employees of approximately $0.3 million, (ii) depreciation and amortization expense related to fixed assets and intangibles of approximately $0.6 million, (iii) inventory reserves of $0.4 million and (iv) the reclassification of approximately $46.0 million of cumulative translation adjustment into Net income as the Company's decision to cease operations is similar to a substantially complete liquidation. Refer to Note 1, "Organization and Basis of Presentation," of the Notes to Condensed Consolidated Financial Statement for further details.

Other (Expense) Income, Net

See Note 18, "Other (Expense) Income, net," of the Notes to Condensed Consolidated Financial Statements for the components and discussion of other (expense) income, net.

Income Taxes

Our effective income tax rate for the three months ended June 30, 2017 was 66.3% and for the six months ended June 30, 2017 was 115.1%. Our effective income tax rate is higher than the statutory rate primarily due to the impact of recording additional tax expense related to the repatriation strategy for foreign earnings and tax versus book basis differences which should be recovered upon the sale of Diversey of $18 million and a tax expense related to a settlement of a foreign position of $3 million.

Our effective income tax rate for the three months ended June 30, 2016 was 97.1% and for the six months ended June 30, 2016 was 48.0%. The effective tax rate for the six months ended June 30, 2016 was negatively impacted by foreign currency exchange losses related to Venezuelan subsidiaries of approximately $47 million for which the Company will receive no tax benefits. As this loss was driven by the Company's change to an alternative foreign exchange market, the tax impact of this loss was treated as a discrete item in the second quarter of 2016. In the second quarter of 2016, the Company recorded a net discrete income tax expense of $22 million related to an increase in valuation allowance on foreign tax credits, a net increase in unrecognized tax benefits and balance sheet adjustments.

Our effective income tax rate depends on the realization of our deferred tax assets, net of our valuation allowances. We have deferred tax assets related to other accruals not yet deductible for tax purposes, foreign tax credits, state and foreign net operating loss carry forwards and investment tax allowances, employee benefit items, and other items.

The Internal Revenue Service (the "Service") is currently auditing the 2011 consolidated U.S. federal income tax return of legacy Sealed Air and the 2012-2014 consolidated U.S. federal income tax return of the Company. Included in the audit of the 2014 return is the examination by the Service with respect to the Settlement agreement deduction in 2014 and related carryback to legacy Sealed Air tax years. The outcome of the examination may affect the utilization of certain tax attributes and require us to return a portion of the refund.

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 carry back any losses created by the deduction of these temporary differences, the future income from existing temporary differences and the ability to generate future taxable income within the respective jurisdictions during the periods in which these temporary differences reverse. 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. Conversely, if we have sufficient future taxable income in jurisdictions where we have valuation allowances, we may be able to reverse those valuation allowances.

Net (Loss) Earnings Available to Common Stockholders from Continuing Operations

Net earnings available to common stockholders for the three and six months ended June 30, 2017 and 2016 are included in the table below.

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
(In millions)	2017	2016	Change	2017	2016	Change
Net (loss) earnings available to common stockholders from continuing operations	$ 28.5	$ 1.6	1,681.3%	$ (25.3)	$ 76.5	(133.1)%

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

For the three months ended June 30, 2017, net income was unfavorably impacted by $40 million of special items, including $18 million of tax expense recorded related to the pending sale of Diversey. In addition, net income was unfavorably impacted by special items expenses primarily related to charges related to the sale of Diversey of $18 million ($11 million net of taxes) and restructuring and other restructuring associated costs of $9 million ($6 million, net of taxes).

For the three months ended June 30, 2016, net income included special items primarily related to ceasing operations in Venezuela of $47 million ($45 million, net of taxes) and restructuring and other associated costs related to our restructuring programs of $5 million ($4 million, net of taxes).

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

For the six months ended June 30, 2017, net income was unfavorably impacted by $179 million of special items, including $145 million of tax expense recorded related to the pending sale of Diversey. In addition, net income was unfavorably impacted by special items expenses primarily related to charges related to the sale of Diversey of $34 million ($22 million net of taxes) and restructuring and other restructuring associated costs of $14 million ($11 million, net of taxes).

For the six months ended June 30, 2016, net income primarily included charges related ceasing operations in Venezuela of $47 million ($45 million, net of taxes), restructuring and other associated costs related to our restructuring programs of $9 million ($7 million, net of taxes) and losses from the sale of our European food trays business and other divestitures of $2 million ($2 million, net of taxes).

Net Earnings Available to Common Stockholders from Discontinued Operations

As a result of the definitive agreement to sell Diversey, the results of operations for Diversey are reported as discontinued operations in all periods presented. Refer to Note 3, "Discontinued Operations," of the Notes to Condensed Consolidated Financial Statements for additional information on Diversey. Net earnings available to common stockholders from discontinued operations for the three and six months ended June 30, 2017 and 2016 are included in the table below.

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Earnings from discontinued operations before income tax (benefit) provision	$ 48.2	$ 68.5	(29.6)%	$ 79.9	$ 88.2	(9.4)%
Income tax (benefit) provision from discontinued operations	(11.1)	20.5	(154.1)%	10.0	12.7	(21.3)%
Net earnings from discontinued operations	$ 59.3	$ 48.0		$ 69.9	$ 75.5	

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

For the three months ended June 30, 2017, net earnings from discontinued operations were favorably impacted by $11 million of tax benefit, driven by a change in the repatriation strategy of foreign earnings in addition to a favorable earnings mix in jurisdictions with lower rates. For the three months ended June 30, 2016, net earnings from discontinued operations were impacted by a more favorable earnings mix in jurisdictions with lower tax rates.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

For the six months ended June 30, 2017, net earnings from discontinued operations were negatively impacted by $10 million of tax expense, driven by a change in the repatriation strategy of foreign earnings partially offset by a favorable earnings mix. For the six months ended June 30, 2016, net earnings from discontinued operations were impacted by $13 million of tax expense, which was favorably impacted by discrete items related to the repatriation strategy, the release of reserves and earnings mix.

Adjusted EBITDA by Segment

We allocate and disclose depreciation and amortization expense to our segments, although property and equipment, net is not allocated to the segment assets, nor is depreciation and amortization included in the segment performance metric Adjusted EBITDA. As of January 1, 2017 we modified our calculation of Adjusted EBITDA to exclude interest income. The impact in this modification was $4 million and $2 million for the three and six months ended June 30, 2016, respectively. We also allocate and disclose restructuring and other charges and impairment of goodwill and other intangible assets by segment, although it is not included in the segment performance metric Adjusted EBITDA since restructuring and other charges and impairment of goodwill and other intangible assets are categorized as special items. The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements.

See Note 4, "Segments," of the Notes to Condensed Consolidated Financial Statements for the reconciliation of Non-U.S. GAAP Adjusted EBITDA to U.S. GAAP net earnings and other segment details.

(In millions)	Three Months Ended June 30, 2017		Three Months Ended June 30, 2016		% Change	Six Months Ended June 30, 2017		Six Months Ended June 30, 2016		% Change
Food Care	$	146.2	$	146.5	(0.2)%	$	287.7	$	285.1	0.9 %
Adjusted EBITDA Margin		*21.5%*		*22.0%*			*21.5%*		*21.9%*	
Product Care		77.1		78.7	(2.0)%		151.2		155.8	(3.0)%
Adjusted EBITDA Margin		*19.7%*		*21.0%*			*19.7%*		*21.0%*	
Corporate[1]		(27.0)		(31.5)	(14.3)%		(60.7)		(61.0)	(0.5)%
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	**$**	**196.3**	**$**	**193.7**	**1.3 %**	**$**	**378.2**	**$**	**379.9**	**(0.4)%**
Adjusted EBITDA Margin		*18.3%*		*18.6%*			*18.0%*		*18.6%*	

(1) Corporate includes costs previously allocated to the Diversey Care segment and food hygiene and cleaning business of our Food Care segment reported within discontinued operations of $3 million and $2 million for three months ended June 30, 2017 and 2016, respectively, and $11 million and $7 million for six months ended June 30, 2017 and 2016, respectively.

The following is a discussion of the factors that contributed to the change in Adjusted EBITDA by segment in the three and six months ended June 30, 2017 as compared with the prior period.

Food Care

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

On a reported and constant dollar basis, Adjusted EBITDA remained constant in 2017 compared with the same period in 2016 primarily due to the impact of:

- positive volume trends of $8 million primarily reflecting improving protein trends and adoption of our advanced product portfolio.

This was offset by:

- unfavorable mix and price/cost spread due to higher raw materials.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

On a reported basis, Adjusted EBITDA increased $4 million in 2017 as compared to the same period in 2016. Adjusted EBITDA was impacted by unfavorable foreign currency translation of $1 million. On a constant dollar basis, Adjusted EBITDA increased $3 million, or 1%, in 2017 compared with the same period in 2016 primarily due to the impact of:

- positive volume trends of $18 million primarily reflecting improving protein trends and adoption of our advanced product portfolio.

These were partially offset by:

- unfavorable mix and price/cost spread of $14 million; and
- higher non-material manufacturing costs and direct costs of $2 million, including salary and wage inflation.

Product Care

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

On a reported basis, Adjusted EBITDA decreased $2 million in 2017 as compared to the same period in 2016. Adjusted EBITDA was impacted by unfavorable foreign currency translation of $1 million. On a constant dollar basis, Adjusted EBITDA decreased $1 million, or 1%, in 2017 compared with the same period in 2016 primarily as a result of:

- unfavorable price/cost spread of $11 million primarily due to higher raw material and freight costs.

This was partially offset by:

- positive volume trends of $10 million primarily due to ongoing strength in the e-Commerce and third party logistics markets.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

On a reported basis, Adjusted EBITDA decreased $5 million in 2017 as compared to the same period in 2016. Adjusted EBITDA was impacted by unfavorable foreign currency translation of $2 million. On a constant dollar basis, Adjusted EBITDA decreased $2 million, or 1%, in 2017 compared with the same period in 2016 primarily as a result of:

- higher non-material manufacturing costs and direct costs of $4 million, including salary and wage inflation.

This was partially offset by:

- restructuring savings of $1 million; and
- $1 million of lower operating expenses.

Corporate

Three Months Ended June 30, 2017 Compared With the Same Period of 2016

The decrease in Corporate expenses on an as reported basis and constant dollar basis in the three months ended June 30, 2017 compared to the same period in 2016 reflected a decrease in costs that were previously allocated to Diversey, but which were not included in net earnings from discontinued operations and lower operating expenses as a result of cost management measures partially offset by foreign exchange losses.

Six Months Ended June 30, 2017 Compared With the Same Period of 2016

Corporate expenses remained consistent on an as reported basis and constant dollar basis in six months ended June 30, 2017 as compared with the same period in 2016. This was primarily due to a decrease in the costs previously allocated to Diversey and lower operating expenses as a result of cost management measures partially offset by foreign exchange losses.

Reconciliation of U.S. GAAP Net Earnings Available to Common Stockholders to Non-U.S. GAAP Total Company Adjusted EBITDA

See Note 4, “Segments,” of the Notes to Condensed Consolidated Financial Statements for other segment details. The following table shows the reconciliation of U.S. GAAP net earnings available to common stockholders to Non-U.S. GAAP Total Company Adjusted EBITDA:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net earnings (loss) from continuing operations	$ 28.5	$ 1.6	$ (25.3)	$ 76.5
Interest expense	(50.9)	(50.9)	(99.7)	(101.8)
Interest income	3.2	2.0	5.4	3.6
Income tax provision	56.1	53.0	192.5	70.6
Depreciation and amortization(1)(3)	(36.4)	(38.5)	(73.6)	(73.4)
Accelerated depreciation and amortization of fixed assets and intangible assets for Venezuelan subsidiaries(1)	—	0.7	—	0.7
Special Items:				
Restructuring and other charges(1)(4)	(2.0)	(0.9)	(3.9)	(0.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(5.9)	(4.1)	(9.8)	(8.0)
SARs	—	(0.9)	—	(1.0)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(0.6)	—	(1.6)
Charges related to ceasing operations in Venezuela(1)	—	(51.4)	—	(51.4)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	(0.2)	—	2.1	(1.6)
Loss related to the sale of other businesses, investments and property, plant and equipment	(0.2)	(0.4)	(0.2)	(2.1)
Charges incurred related to the sale of Diversey	(17.8)	—	(33.9)	—
Other special items(2)	(1.5)	1.8	2.6	0.4
Pre-tax impact of Special items	(27.6)	(52.4)	(43.1)	(61.9)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	**$ 196.3**	**$ 193.7**	**$ 378.2**	**$ 379.9**

(1) Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 1 " Organization and Basis of Presentation," of the Notes to the Condensed Consolidated Financial Statement for further details.

(2) Other special items for the six months ended June 30, 2017 primarily included a recovered wage tax as the result of a court ruling partially offset by legal fees associated with restructuring and acquisitions. For the three months ended June 30, 2017 other special items primarily included an expense related to the recovered wage tax reserve as well as legal fees associated with restructuring and acquisitions. Other special items for the three and six months ended June 30, 2016 primarily included a reduction in a non- income tax reserve following the completion of a governmental audit partially offset by legal fees associated with restructuring and acquisitions.

(3) Depreciation and amortization by segment is as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Food Care	$ 24.3	$ 22.3	$ 49.4	$ 45.2
Product Care	11.0	9.4	22.5	19.0
Corporate	1.1	6.8	1.7	9.2
Total Company depreciation and amortization(1)	**$ 36.4**	**$ 38.5**	**$ 73.6**	**$ 73.4**

(1) Includes share-based incentive compensation of $11 million and $19 million for the three and six months ended June 30, 2017, respectively, and $14 million and $25 million for the three and six ended June 30, 2016, respectively.

(4) Restructuring and other charges by segment were as follows:

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Food Care	$ 1.3	$ 0.5	$ 2.5	$ 0.4
Product Care	0.7	0.4	1.4	0.3
Total Company restructuring and other charges[(1)]	**$ 2.0**	**$ 0.9**	**$ 3.9**	**$ 0.7**

(1) For the three and six months ended June 30, 2016 restructuring and other charges excludes $0.3 million related to severance and termination benefits for employees in our Venezuelan subsidiaries.

Liquidity and Capital Resources

Principal Sources of Liquidity

Our primary sources of cash are the collection of trade receivables generated from the sales of our products and services to our customers and amounts available under our existing lines of credit, including our Amended Credit Facility, and our accounts receivable securitization programs. Our primary uses of cash are payments for operating expenses, investments in working capital, capital expenditures, interest, taxes, dividends, share repurchases, debt obligations, restructuring expenses and other long-term liabilities. 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 in the next twelve months.

As of June 30, 2017, we had cash and cash equivalents of $243 million, of which approximately $212 million, or 87%, was located outside of the U.S. There were certain foreign government regulations restricting transfers on less than $10 million of the cash located outside of the U.S. Our U.S. cash balances and committed liquidity facilities available to U.S. borrowers were sufficient to fund our U.S. operating requirements and capital expenditures, current debt obligations and dividends. The Company does not expect that in the near term cash located outside of the U.S. will be needed to satisfy its obligations, dividends and other demands for cash in the U.S.

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

(In millions)	June 30, 2017	December 31, 2016
Cash and cash equivalents	$ 243.0	$ 333.7

See “Analysis of Historical Cash Flows” below.

Accounts Receivable Securitization Programs

At June 30, 2017, we had $196 million available to us under the U.S. and European programs of which we had $195 million outstanding as of June 30, 2017. At December 31, 2016, we had $188 million available to us under the programs of which we had no amounts outstanding. See Note 8, “Accounts Receivable Securitization Programs,” of the Notes to Condensed Consolidated Financial for information concerning these programs.

Lines of Credit

We have a $700 million revolving credit facility. During the first six months of 2017, we utilized borrowings under this facility and had outstanding borrowings of $95 million at June 30, 2017 and no outstanding borrowings at December 31, 2016. See Note 10, “Debt and Credit Facilities,” of the Notes to Condensed Consolidated Financial for further details.

There was $68 million and $83 million outstanding under various lines of credit extended to our subsidiaries at June 30, 2017 and December 31, 2016, respectively. See Note 10, “Debt and Credit Facilities,” of the Notes to Condensed Consolidated Financial for further details.

Covenants

At June 30, 2017, we were in compliance with our financial covenants and limitations, as discussed in "Covenants" of Note 10, "Debt and Credit Facilities", of the Notes to Condensed Consolidated Financial for further details.

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. Below is a table that details our credit ratings by the various types of debt by rating agency.

	Moody's Investor Services	**Standard & Poor's**
Corporate Rating	Ba2	BB
Senior Unsecured Rating	Ba3	BB
Senior Secured Credit Facility Rating	Baa3	BBB-
Outlook	Stable	Watch Positive

These credit ratings are considered to be below investment grade (with the exception of the Baa3 and BBB- Senior Secured Credit Facility Rating from Moody's Investor Services and Standard & Poor's, respectively, which are classified as 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.

Outstanding Indebtedness

At June 30, 2017 and December 31, 2016, our total debt outstanding consisted of the amounts set forth in the following table.

(In millions)	**June 30, 2017**	**December 31, 2016**
Short-term borrowings	$ 358.0	$ 83.0
Current portion of long-term debt	297.5	297.0
Total current debt	655.5	380.0
Total long-term debt, less current portion[1]	3,790.1	3,762.6
Total debt	4,445.6	4,142.6
Less: Cash and Cash equivalents	(243.0)	(333.7)
Net Debt	$ 4,202.6	$ 3,808.9

(1) Amounts are net of unamortized discounts and debt issuance costs of $33 million as June 30, 2017 and $36 million as of December 31, 2016.

See Note 10, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial for further details.

Analysis of Historical Cash Flow

The following table shows the changes in our Condensed Consolidated Statement of Cash Flows in the six months ended June 30, 2017 and 2016.

(In millions)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net cash provided by operating activities	$ 141.3	$ 186.9
Net cash used in investing activities	(81.8)	(136.6)
Net cash used in financing activities	(138.1)	(96.0)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(12.1)	(16.3)

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of the strength and ability of our operations to generate cash. We define free cash flow as cash provided by operating activities less capital expenditures (which is classified as an investing activity). Free cash flow is not defined under U.S. GAAP. Therefore, free cash flow should not be considered a substitute for net income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure. We historically have generated the majority of our annual free cash flow in the second half of the year. Below are the details of free cash flow for the six months ended June 30, 2017 and 2016.

(In millions)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	Change
Cash flow provided by operating activities	$ 141.3	$ 186.9	$ (45.6)
Capital expenditures	(93.2)	(113.5)	20.3
Free cash flow[1]	$ 48.1	$ 73.4	$ (25.3)

(1) Free cash flow was $93 million in 2017 excluding the payment of charges related to the sale of Diversey of $45 million.

Net Cash Provided by Operating Activities

Six Months Ended June 30, 2017

Net cash provided by operating activities of $141 million in the six months ended June 30, 2017 was primarily attributable to:

- $45 million of net earnings, which included $268 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities, including adjustments for depreciation and amortization, share-based incentive compensation expenses and profit sharing expenses.

These were partially offset by:

- $172 million of changes in other liabilities and assets. This activity primarily reflects the timing of certain annual incentive compensation payments as well as an increase in leased assets; and
- $1 million of changes in operating assets and liabilities, as a result of an increase in trade receivables and inventory partially offset by an increase in accounts payable. This activity reflects the timing of inventory purchases as well as an increase in outstanding balances in our accounts receivable securitization programs offset by the related payments of cash and the seasonality of sales and collections.

Six Months Ended June 30, 2016

Net cash provided by operating activities of $187 million in the six months ended June 30, 2016 was primarily attributable to:

- $152 million of net earnings, which included $226 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities, including adjustments for depreciation and amortization, share-based incentive compensation expenses, and the reclassification of the cumulative translation adjustment related to the Company's decision to cease its operations in Venezuela.

These were partially offset by:

- $114 million of changes in other liabilities and assets. This activity primarily reflects the timing of certain annual incentive compensation payments; and
- $77 million of changes in operating assets and liabilities, primarily reflecting an increase in trade receivables and inventory partially offset by an increase in accounts payable. This activity reflects the timing of inventory purchases and the related payments of cash and the seasonality of sales and collections.

Net Cash Used in Investing Activities

Six Months Ended June 30, 2017

Net cash used in investing activities of $82 million in the six months ended June 30, 2017 primarily consisted of the following:

- capital expenditures of $93 million; and
- $4 million related to business acquisitions.

These were partially offset by:

- $11 million related to settlements of foreign currency forward contracts; and
- $4 million related to the sale of businesses and property and equipment.

Six Months Ended June 30, 2016

Net cash used in investing activities of $137 million in the six months ended June 30, 2016 primarily consisted of the following:

- capital expenditures of $114 million; and
- $31 million related to settlements of foreign currency forward contracts.

These were partially offset by:

- $8 million related to net proceeds in the sale of business and property and equipment.

Net Cash Used in Financing Activities

Six Months Ended June 30, 2017

Net cash used in financing activities of $138 million in the six months ended June 30, 2017 was primarily due to the following:

- repurchases of common stock of $305 million;
- payments of quarterly dividends of $62 million;
- payments of Term Loan A of $28 million; and
- acquisition of common stock for tax withholding obligations relating to stock-based compensation of $22 million.

These factors were partially offset by:

- increases in short-term borrowings under our revolving credit facility, local lines of credit and accounts receivable securitization programs of $280 million.

Six Months Ended June 30, 2016

Net cash used in financing activities of $96 million in the six months ended June 30, 2016 was primarily due to the following:

- payments of quarterly dividends of $57 million;
- repurchases of common stock of $52 million; and
- acquisition of common stock for tax withholding obligations relating to stock-based compensation of $22 million.

These factors were partially offset by:

- increases in short-term borrowings under our revolving credit facility, local lines of credit and accounts receivable securitization programs of $35 million.

Changes in Working Capital

(In millions)	June 30, 2017	December 31, 2016	Change
Working capital (current assets less current liabilities)	$ 1,377.0	$ 96.3	$ 1,280.7
Current ratio (current assets divided by current liabilities)	1.4x	1.0x	
Quick ratio (current assets, less inventories divided by current liabilities)	1.3x	0.8x	

The $1,281 million, or 1,330%, increase in working capital reflected:

- an increase in current assets held for sale of $2.2 billion partially offset by an increase in current liabilities held for sale of $703 million related to the sale of Diversey. As the sale is expected to close during 2017 all Diversey balances were moved to current;
- an increase in prepaid expenses and other current assets due to an increase in accounts receivables held as collateral under the securitization program;
- an increase in inventory to support higher anticipated sales in the third quarter; and
- a decrease in other current liabilities primarily reflecting the payment of performance-based compensation and profit sharing previously accrued.

These were partially offset by:

- an increase in short-term borrowings and decrease in cash to support the increase in working capital for capital expenditures, share repurchases and dividends; and
- a decrease in trade receivables and an increase in accounts payable consistent with the increase in inventories and continuing initiatives for longer payment terms.

Changes in Stockholders' Equity

The $270 million, or 44%, decrease in stockholders' equity in the six months ended June 30, 2017 was primarily due to the following:

- a net increase in shares held in treasury of $251 million and an increase in additional paid in capital of $54 million due to the repurchase of common stock into treasury stock;
- dividends paid and accrued on our common stock of $62 million; and
- unrealized losses on derivative instruments of $51 million.

These were partially offset by:

- cumulative translation adjustment of $74 million;
- net earnings of $45 million;
- increase of $24 million in additional paid in capital due primarily to stock-based incentive compensation; and

- a net increase in unrecognized pension items of $5 million.

We repurchased approximately 5.7 million shares of our common stock in the six months ended June 30, 2017 for $251 million. See Note 16, “Stockholders’ Equity,” of the Notes to Condensed Consolidated Financial Statements for further details.

Derivative Financial Instruments

Interest Rate Swaps

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Interest Rate Swaps” is incorporated herein by reference.

Interest Rate and Currency Swaps

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Interest Rate and Currency Swaps” is incorporated herein by reference.

Net Investment Hedge

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Net Investment Hedge” is incorporated herein by reference.

Other Derivative Instruments

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Other Derivative Instruments” is incorporated herein by reference.

Foreign Currency Forward Contracts

At June 30, 2017, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Foreign Currency Forward Contracts,” 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.”

Recently Issued Statements of Financial Accounting Standards, Accounting Guidance and Disclosure Requirements

We are subject to numerous recently issued statements of financial accounting standards, accounting guidance and disclosure requirements. Note 2, “Recently Issued Accounting Standards,” of the Notes to Condensed Consolidated Financial Statements which is contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, describes these new accounting standards and is incorporated herein by reference.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in our 2016 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 2016 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 Condensed 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 June 30, 2017, we had no outstanding interest rate collars or options.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Interest Rate Swaps,” is incorporated herein by reference.

See Note 12, “Fair Value Measurements and Other Financial Instruments,” of the Notes to Condensed Consolidated Financial Statements 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 $75 million in the fair value of the total debt balance at June 30, 2017. 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 Condensed Consolidated Financial Condition and Results of Operations in the future. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” above for the impacts foreign currency translation had on our operations.

Venezuela

Economic and political events in Venezuela have exposed us to heightened levels of foreign currency exchange risk. See Note 1, “Organization and Basis of Presentation – Impact of Inflation and Currency Fluctuation” of the Notes to Condensed Consolidated Financial Statements for additional details.

Argentina

Recent economic events in Argentina, including the default on some of its international debt obligations, have exposed us to heightened levels of foreign currency exchange risks. However, as of June 30, 2017, we do not anticipate these events will have a material impact on our 2017 results of operations. For the three and six months ended June 30, 2017, approximately 2% of our consolidated net sales and operating income were derived from our businesses in Argentina. For the three and six months ended June 30, 2017, we had net assets of $24 million (including $6 million of cash and cash equivalents) in Argentina. Also, as of June 30, 2017, our Argentina subsidiaries had a negative cumulative translation adjustment balance of $46 million.

Russia

The U.S. and the European Union (EU) have recently imposed sanctions on various sectors of the Russian economy and on transactions with certain Russian nationals and entities. Russia has also announced economic sanctions against the U.S. and other nations that include a ban on imports of certain products. These sanctions are not expected to have a material impact on our business as much of the operations in Russia support local production; however they may limit the amount of future business the Company does with customers involved in activities in Russia. However, as of June 30, 2017, we do not anticipate these events will have a material impact to our 2017 result of operations. As of June 30, 2017, approximately 2% of our consolidated net sales were derived from products sold into Russia. As of June 30, 2017, we had net assets of $82 million (including $14 million of cash and cash equivalents) in Russia. Also, as of June 30, 2017, our Russian subsidiaries had a negative cumulative translation adjustment balance of $46 million.

Greece

Recent economic events in Greece, including missing payment to the International Monetary Fund and the uncertainties relating to the ability of Greece to remain in the European Monetary Union may require us to tighten credit controls that will have adverse impact on our sales and bad debt expense. However, as of June 30, 2017, we do not anticipate these events will have a material impact on our 2017 results of operations. As of June 30, 2017, less than 1% of our consolidated net sales were derived from products sold into Greece. As of June 30, 2017, we had net assets of $22 million (including $6 million of cash and cash equivalents) in Greece. Also, as of June 30, 2017, our Greece subsidiaries had a negative cumulative translation adjustment balance of $3 million.

Brazil

Recent economic events in Brazil, including the increase in the benchmark interest rate set by the Brazilian Central Bank, have exposed us to heightened levels of foreign currency exchange risks. However, as of June 30, 2017, we do not anticipate these events will have a material impact on our 2017 results of operations. As of June 30, 2017, 3% of our consolidated net sales were derived from products sold into Brazil. As of June 30, 2017, we had net assets of $175 million (including $7 million of cash and cash equivalents) in Brazil. Also, as of June 30, 2017, our Brazil subsidiaries had a negative cumulative translation adjustment balance of $103 million.

United Kingdom

Recent economic events in United Kingdom, including their intention to exit from the European Union may require us to tighten credit controls that will have adverse impact on our sales and bad debt expense. However, as of June 30, 2017, we do not anticipate these events will have a material impact on our 2017 results of operations. As of June 30, 2017, 4% of our consolidated net sales were derived from products sold into the United Kingdom. As of June 30, 2017, we had net assets of $354 million (including $6 million of cash and cash equivalents) in the United Kingdom. Also, as of June 30, 2017, our United Kingdom subsidiaries had a negative cumulative translation adjustment balance of $57 million.

Impact of Inflation and Currency Fluctuation

Economic and political events in certain countries have exposed us to heightened levels of inflation and foreign currency exchange risks. The effects of these could impact our financial condition and results of operations. See Note 1, “Organization and Basis of Presentation – Impact of Inflation and Currency Fluctuation” of the Notes to Condensed Consolidated Financial Statements for details regarding the impact of inflation and currency fluctuation. Also, for a discussion of our risk factors, please refer to Part II, Item 1A, “Risk Factors.”

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 June 30, 2017 would have caused us to pay approximately $115 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 11, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q which is incorporated herein by reference.

Interest Rate and Currency Swaps

In 2014, in connection with exercising the $100 million delayed draw under the senior secured credit facility, we entered into a series of interest rate and currency swaps in a notional amount of $100 million. On September 30, 2016, the first $20 million swap contract matured and was settled. As a result of the settlement, the Company received $5 million. For the six months ended June 30, 2017, a settlement payment was made for $3 million. These swaps have been classified as assets held for sale on the Condensed Consolidated Balance Sheet and the related activity has been classified as net earnings from discontinued operations, net of tax on the Condensed Consolidated Statement of Operations. These swaps convert the U.S. dollar-denominated variable rate obligation under the credit facility into a fixed Brazilian real-denominated obligation. The delayed draw and the interest rate and currency swaps were used to fund expansion and general corporate purposes of our Brazilian subsidiaries.

In July 2017, we prepaid the Brazilian tranche of our Term Loan A facility due in July 2019 in the amount of $96 million in connection with the anticipated Diversey transaction. In anticipation of this loan prepayment, we terminated all the swaps used to convert the related U.S. dollar-denominated variable rate obligation into a fixed Brazilian real-denominated obligation.

Net Investment Hedge

During the second quarter of 2015, we entered into a series of foreign currency exchange forwards totaling €270 million. These foreign currency exchange forwards hedged a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates and expired in June 2015. The loss of $4 million ($2 million after tax) is recorded in AOCI on our Condensed Consolidated Balance Sheet.

The €400 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The fair value of the debt was $8 million ($5 million net of taxes) as of June 30, 2017 and is reflected in long-term debt on our Condensed Consolidated Balance Sheet.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The fair value of this hedge as of June 30, 2017 decreased $42 million ($26 million after tax) on our Condensed Consolidated Balance Sheet. Semi-annual interest settlements resulted in AOCI of $16 million ($10 million after tax).

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, settlements and changes in fair values of the derivative instruments are recognized in unrealized net gains or loss on derivative instruments for net investment hedge, a component of accumulated other comprehensive loss, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other (expense) income, net on the Condensed Consolidated Statements of Operations.

Other Derivative Instruments

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and 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.

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower or in euros as is the case with the issuance of €400 million of 4.50% senior notes due 2023. 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 $822 million at June 30, 2017 and $875 million at December 31, 2016.

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 less than $1 million for the three and six months ended June 30, 2017. The provision for the three and six months ended June 30, 2016 was less than $1 million. The allowance for doubtful accounts was $8 million at June 30, 2017 and December 31, 2016.

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 June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We are currently engaged in a phased implementation and upgrade of enterprise resource planning software in certain regions, which will bring all regions on to common software over the next few years. The implementation is being performed in the ordinary course of business to improve efficiency through the use of common software.

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 2016 Form 10-K, as subsequently updated by our Quarterly Reports on Form 10-Q, as well as the information incorporated by reference in that item.

We are also involved in various other legal actions incidental to our business. We believe, after consulting with counsel, that the disposition of these other legal proceedings and matters will not have a material effect on our condensed consolidated financial condition or results of operations.

Item 1A. Risk Factors.

There have been no significant changes to our risk factors since December 31, 2016. For a discussion of our risk factors, please refer to Part I, Item 1A, "Risk Factors," of our 2016 Form 10-K.

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 June 30, 2017, the average price paid per share and the maximum approximate dollar value 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 Shares Purchased as Part of Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
	(a)	(b)	(c)	(d)
Balance as of March 31, 2017				$ 667,205,595
April 1, 2017 through April 30, 2017	12,250	—	—	667,205,595
May 1, 2017 through May 31, 2017	4,447,547	$ 43.10	4,437,231	1,975,947,299
June 1, 2017 through June 30, 2017	1,335,596	$ 44.95	1,334,754	1,915,865,372
Total	5,795,393		5,771,985	$ 1,915,865,372

(1) We acquired shares by means of (i) a share trading plan we entered into with our brokers and pursuant to our publicly announced program (described below), (ii) an accelerated share repurchase program we entered into during the quarter, (iii) shares withheld from awards under our Omnibus Incentive Plan (the successor plan to our 2005 Contingent Stock Plan) pursuant to the provision thereof that permits minimum tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (iv) shares reacquired pursuant to the forfeiture provision of our Omnibus Incentive Plan. We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable. For shares withheld for minimum 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 Omnibus Incentive 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 Omnibus Incentive Plan	Total
	(a)	(b)	(c)	(d)
April 2017	—	—	12,250	12,250
May 2017	—	—	10,316	10,316
June 2017	—	—	842	842
Total	—		23,408	23,408

On July 9, 2015, the Board of Directors authorized a new stock repurchase program to repurchase up to $1.5 billion of the Company's issued and outstanding common stock. This new program replaced the previous stock repurchase program approved in August 2007. This program has no set expiration date. On March 25, 2017, the Board of Directors further authorized up to an additional $1.5 billion of repurchases of the Company's outstanding common stock under such program. The Company's decision to pursue the sale of Diversey previously restricted the ability to repurchase shares under the current share buyback program.

Item 6. Exhibits

Exhibit Number	Description
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. (Exhibit 3.1 to the Company’s Current Report on Form 8-K, Date of Report February 15, 2017, File No. 1-12139, is incorporated herein by reference.)
31.1	Certification of Jerome A. Peribere pursuant to Rule 13a-14(a), dated August 9, 2017.
31.2	Certification of Carol P. Lowe pursuant to Rule 13a-14(a), dated August 9, 2017.
32	Certification of Jerome A. Peribere and Carol P. Lowe, pursuant to 18 U.S.C. § 1350, dated August 9, 2017.
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

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: August 9, 2017	By:	/s/ William G. Stiehl
		William G. Stiehl
		Chief Accounting Officer and Controller

Exhibit 31.1

CERTIFICATIONS

I, Jerome A. Peribere, 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.

/s/ Jerome A. Peribere

Jerome A. Peribere

President and Chief Executive Officer

Date: August 9, 2017

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.

/s/ CAROL P. LOWE

Carol P. Lowe

Senior Vice President and Chief Financial Officer

Date: August 9, 2017

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 June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jerome A. Peribere, as President and Chief Executive Officer of the Company, and Carol P. Lowe, as Senior Vice President and Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his/her 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.

By: /s/ JEROME A. PERIBERE
Name: Jerome A. Peribere
Title: *President and Chief Executive Officer*

Date: August 9, 2017

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

Date: August 9, 2017