UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

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

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

COMMISSION FILE NUMBER 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	65-0654331 (I.R.S. Employer Identification Number)
PARK 80 EAST, SADDLE BROOK, NEW JERSEY (Address of principal executive offices)	07663-5291 (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $0.10 per share	New York Stock Exchange, Inc.
Series A Convertible Preferred Stock, par value $0.10 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant on March 22, 2000 was approximately $3,952,000,000.

The number of outstanding shares of the registrant's Common Stock as of March 22, 2000 was 83,821,232.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's 1999 Annual Report to Stockholders are incorporated by reference into Parts I and II of this Form 10-K. Portions of the registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

Sealed Air Corporation and its subsidiaries (collectively referred to as the "Company" except where the context indicates otherwise) are engaged in the manufacture and sale of a wide range of protective, food and specialty packaging materials and systems throughout the world.

On March 31, 1998, the Company (formerly known as W. R. Grace & Co.) and Sealed Air Corporation (US), a Delaware corporation formerly known as Sealed Air Corporation ("old Sealed Air"), completed a series of transactions, starting with the separation of the Cryovac packaging business ("Cryovac"), operated by subsidiaries of the Company, from its specialty chemicals business, also operated by subsidiaries. The specialty chemicals business then was spun off to the Company's stockholders at that time, and that business became a separate publicly owned corporation called W. R. Grace & Co. ("New Grace"). After recapitalizing the Company's then-outstanding shares of common stock into new common and preferred stock, Sealed Air Corporation (US) was merged with a subsidiary of the Company. As a result of these transactions (collectively referred to as the "Merger"), the Company now operates the businesses of Sealed Air and Cryovac and is managed primarily by the former management of old Sealed Air.

References to "Grace" in this Annual Report on Form 10-K refer to the Company before the Merger.

SEGMENTS

The Company operates in two reportable business segments: (i) food and specialty packaging products and (ii) protective packaging products, described more fully below. Information concerning the Company's reportable segments appears in Note 3 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

FOOD AND SPECIALTY PACKAGING PRODUCTS

The Company's principal food and specialty packaging products are its flexible materials and related systems marketed primarily under the Cryovac-Registered Trademark- trademark for a broad range of perishable food applications. This segment also includes the Company's rigid packaging and absorbent pads, principally foam trays used by supermarkets and food processors, absorbent pads used for the retail packaging of meat, fish and poultry, and rigid plastic containers for dairy and other food products.

FLEXIBLE MATERIALS AND RELATED SYSTEMS

The Company produces a variety of high-performance proprietary flexible films, bags and associated packaging equipment marketed and sold primarily under the Cryovac-Registered Trademark- trademark that are used to package a broad range of perishable foods such as fresh red meat, smoked and processed meat, cheese, poultry, processed and prepared foods (including soups and sauces for restaurants and institutions) and produce. The Company also offers sterilized medical bags and films for use with medical products and produce bags with dispensing systems used by customers in supermarket produce departments.

Cryovac-Registered Trademark- food packaging products include shrink bags, shrink films and laminated films sold for food packaging applications. Shrink bags and films are co-extruded, multi-layered, shrinkable plastic bags and films that, when exposed to heat, mold themselves to the shape of the product. Laminates are multi-layered, non-shrinkable plastic materials used to package perishable foods and shelf-stable products such as syrups and toppings. Films and bags are sold in barrier and permeable forms, depending on the extent to which it is desirable that oxygen or other gases pass through the material. For fresh-cut produce, the Company produces films that permit gases to pass through at various rates, thereby matching the varying respiration rates of different vegetables and permitting longer shelf life.

The Company's food packaging equipment offerings include dispensing and loading units to package foods in shrink, vacuum or vacuum skin packages using the Company's films and bags; form, fill and seal units to package foods in pouches made using the Company's films; shrink tunnels; bagging systems; and auxiliary equipment. Systems are marketed to the food processing industry under the Cryovac-Registered Trademark- trademark and other trademarks.

RIGID PACKAGING AND ABSORBENT PADS

The Company manufactures and sells Cryovac-Registered Trademark- polystyrene foam trays that are used by supermarkets and by food processors to protect and display fresh meat, poultry and produce. The Company also manufactures and sells absorbent pads used for food packaging, including its Dri-Loc-Registered Trademark- absorbent pads. The Company's foam trays and absorbent pads are often used together. The Company's case-ready packaging customers, principally meat and poultry processors, purchase trays, pads and specially-designed films and packaging equipment to package centrally meat and poultry products prior to shipment to the supermarket. Case-ready packages are virtually ready for the meat case upon arrival at the retail store. During 1999, the Company began commercial rollout of its peelable lidding films and barrier foam trays for low oxygen case-ready packaging of ground beef. The Company also manufactures rigid plastic containers, primarily plastic tubs for dairy products such as margarine and yogurt, in Australia that are marketed under the Omicron-TM- trademark.

PROTECTIVE PACKAGING PRODUCTS

The Company's protective packaging products include its cushioning and surface protection products and certain other products. The Company's protective packaging products and systems are used by a wide variety of end users, including manufacturing, distribution and retail customers. The products produced in this segment enable the end users to provide a high degree of protection in packaging their items, by means of cushioning or surface protection, or a combination thereof.

CUSHIONING AND SURFACE PROTECTION PRODUCTS

The Company manufactures and markets Bubble Wrap-Registered Trademark- and AirCap-Registered Trademark- air cellular packaging materials and bags, which consist of air encapsulated between two layers of plastic film, each containing a barrier layer to retard air loss, that form a pneumatic cushion to protect products from damage through shock or vibration during shipment. Cryovac-Registered Trademark- performance films are manufactured and sold by the Company for non-food product display and merchandising applications. These films are used to "shrink-wrap" a wide assortment of industrial and consumer products. The Company's Instapak-Registered Trademark- polyurethane foam packaging systems (which consist of proprietary blends of polyurethane chemicals, high performance polylefin films and specially designed dispensing equipment) provide protective packaging for a wide variety of products. CelluPlank-TM- plank foams and Stratocell-TM- laminated polyethylene foams are generally sold by the Company to fabricators and converters. The Company also manufactures thin polyethylene foams in roll and sheet form under the trademarks Cell-Aire-Registered Trademark- and Cellu-Cushion-Registered Trademark-.

The Company manufactures and markets Jiffy-TM- protective mailers and other durable mailers and bags that are made in several standard sizes and are used for mailing or shipping a wide variety of items. The Company's protective mailers include lightweight, tear-resistant paper mailers marketed under various trademarks, including Jiffylite-Registered Trademark- and Mail Lite-Registered Trademark-, lined with air cellular cushioning material. These products also include the widely used Jiffy-TM- padded mailers made from recycled kraft paper padded with macerated recycled newspaper. The Company's durable mailers and bags are marketed under the ShurTuff-Registered Trademark-, MailTuff-TM-, Trigon-Registered Trademark-, Lab Pak-Registered Trademark-, Keepsafe-TM- and Crush-Gard-TM- brand names. The Company also manufactures and sells Korrvu-Registered Trademark- suspension and retention packaging. The Company manufactures recycled kraft, tissue and crepe paper for use as a raw material in the manufacture of the Company's protective mailer and food packaging products. The Company also manufactures and sells paper packaging products under the trademarks Kushion Kraft-Registered Trademark-, Custom Wrap-TM-, Jiffy-TM- Padwrap-Registered Trademark- and Void Kraft-TM-. Subsidiaries of the Company in certain foreign countries produce loose-fill polystyrene packaging for sale to customers in those countries.

The Company offers inflatable packaging systems, including its Rapid Fill-Registered Trademark- system, which consists of a compact, portable inflator and self-sealing inflatable plastic bags, and its Fill-Air-TM- system, which converts rolls of polyethylene film into continuous perforated chains of air-filled cushions. During 1999, the Company began commercial rollout of its improved Vistaflex-Registered Trademark- inflatable packaging system, which consists of a microprocessor-controlled inflation system and inflatable cushions, that produces air-filled cushions designed for each particular packaging application. The Company produces and markets converting systems that convert certain of the Company's packaging materials, including air cellular cushioning materials, thin polyethylene foam and paper packaging materials, into sheets of a pre-selected size and quantity or, for the Company's recycled kraft paper, into paper dunnage material. The Company also offers shrink-wrap equipment for use with the Company's shrink films.

OTHER PRODUCTS

The Company manufactures and sells a number of non-packaging products, including specialty adhesive tapes, solar pool covers and solar heating systems for swimming pools, recycled kraft, tissue and crepe paper sold to unaffiliated customers, and certain products related to the elimination and neutralization of static electricity.

FOREIGN OPERATIONS

The Company operates in the United States and in 45 other countries, and its products are distributed in those countries as well as in other parts of the world. Since the Merger, the Company has extended its protective packaging product offerings into countries where Cryovac had established operations prior to the Merger and where old Sealed Air had not, including several European, Latin American and Asia/Pacific countries and South Africa, and has also extended these product offerings into Israel. In maintaining its foreign operations, the Company runs the risks inherent in such operations, including those of currency fluctuations. Information on currency exchange risks is incorporated by reference in Item 7A of this Annual Report on Form 10-K. Financial information about geographic areas, including net sales and total long-lived assets, for each of the three years in the period ended December 31, 1999 appears in Note 3 of the Notes to Consolidated Financial Statements incorporated by reference in Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

MARKETING, DISTRIBUTION AND CUSTOMERS

The Company employs over 1,300 sales and technical support representatives in the countries in which it operates who market the Company's products through a large number of distributors, fabricators and converters as well as directly to end users. In the United States and certain other countries, the Company has separate sales and marketing groups for many of its product lines. These groups often work together to develop market opportunities for the Company's products.

To support the Company's food packaging customers, the Company has food science laboratories in a number of locations that assist customers in identifying the appropriate food packaging materials and systems to meet their needs. The Company also offers customized graphic design services to its food packaging and mailer customers.

To assist its marketing efforts for its protective packaging products and to provide specialized customer services, the Company maintains packaging laboratories in many of its United States and foreign facilities. These laboratories are staffed by professional packaging engineers and equipped with drop-testing and other equipment used to develop and test cost-effective package designs to meet the particular protective packaging requirements of each customer.

The Company has no material long-term contracts for the distribution of its products. In 1999, no customer or affiliated group of customers accounted for as much as 10% of the Company's consolidated net sales.

Although net sales of both food and specialty packaging products and protective packaging tend to be slightly higher in the fourth quarter, the Company does not consider seasonality to be a material factor.

COMPETITION

Competition for most of the Company's packaging products is based primarily on packaging performance characteristics, service and price. Since competition is also based upon innovations in packaging technology, the Company's ongoing research and development programs are intended to enable the Company to maintain technological leadership. Certain companies producing competing products are well established and may have greater financial resources than the Company.

There are a number of competing manufacturers of food packaging products, including companies offering similar products that operate on a global basis as well as those that operate in a region or single country. Competing manufacturers produce a wide variety of food packaging based on plastic, paper, metals and other materials. The Company believes that it is one of the leading suppliers of flexible food packaging materials and related systems in the principal geographic areas in which it offers those products and one of the leading suppliers of absorbent pads for food products to supermarkets and poultry processors in the United States.

The Company's protective packaging products compete with similar products made by others and with a number of other packaging materials, all of which are used to provide protection against damage to the packaged product during its shipment and storage. Competitive materials include various forms of paper packaging products, expanded plastics, corrugated die cuts, loosefill packaging materials, strapping, envelopes, reinforced bags, boxes and other containers and various corrugated materials. Heavy-duty applications of the Company's Instapak-Registered Trademark- packaging and its plank and laminated foam products also compete with various types of molded foam plastics, fabricated foam plastics and mechanical shock mounts and with wood blocking and bracing systems. The Company believes that it is one of the leading suppliers of air cellular cushioning materials containing a barrier layer, shrink films for industrial and commercial applications, and polyurethane foam packaging systems in the geographic areas in which it sells these products.

As discussed below under "Environmental Matters," the Company is also subject to competitive factors affecting packaging materials that are based upon customers' environmental preferences.

RAW MATERIALS

The raw materials utilized in the Company's operations generally have been readily available on the open market and in most cases are available from several suppliers. Some materials used in the Company's protective packaging products are reprocessed from scrap generated in the Company's manufacturing operations or obtained through participation in recycling programs. The principal raw materials used in the Company's food and specialty products include polyolefin and other resins and films, paper and wood pulp products and blowing agents used in foam products. The principal raw materials used in the Company's protective packaging products include raw materials similar to those used in its food and specialty products, as well as polyurethane chemicals. The Company also offers a wide variety of specialized packaging equipment, some of which it assembles and some of which it purchases from other suppliers.

PRODUCT DEVELOPMENT

The Company maintains a continuing effort to develop new products and improvements to its existing products and processes as well as new packaging and non-packaging applications for its products. From time to time the Company also acquires promising new packaging designs or techniques developed by others and commercializes them. Since the Merger, the Company has instituted ongoing programs of joint research and development projects combining the technical capabilities of Cryovac and old Sealed Air. The Company incurred expenses of $56,452,000 related to Company-sponsored research and development in 1999 compared with $57,524,000 during 1998 and $40,675,000 during 1997.

PATENTS AND LICENSES

The Company is the owner or licensee of a number of United States and foreign patents and patent applications that relate to certain of its products, manufacturing processes and equipment. While some of these patents and licenses, as well as certain trademarks which the Company owns, offer some protection and competitive advantage for the Company's products and their manufacture, the Company believes that its success depends primarily on its marketing, engineering and manufacturing skills and on its ongoing research and development efforts. Therefore, the Company believes that the expiration or unenforceability of any of such patents, applications or licenses would not be material to the Company's business or financial position.

ENVIRONMENTAL MATTERS

The Company, like other manufacturers, is subject to various laws, rules and regulations in the countries, jurisdictions and localities in which it operates regulating the discharge of materials into the environment or otherwise relating to the protection of the environment. The Company believes that compliance with current environmental laws and regulations has not had a material effect on the Company's capital expenditures or financial position.

In some jurisdictions in which the Company's packaging products are sold or used, laws and regulations have been adopted or proposed that seek to regulate, among other things, recycled or reprocessed content, sale and disposal of packaging materials. In addition, customer demand for packaging materials that are viewed as being "environmentally responsible" and that minimize the generation of solid waste continues to evolve. While these issues can be a competitive factor in the marketplace for packaging materials, the Company maintains active programs designed to comply with these laws and regulations, to monitor their evolution, and to meet such customer demand.

The Company believes that its packaging materials offer superior packaging protection, enabling customers to achieve lower package cube and weight using the Company's packaging materials than with many alternative packaging methods, thereby reducing the disposal of damaged products as well as the generation of packaging waste. Because the Company offers both plastic-based and paper-based protective packaging materials, customers can select the protective packaging materials that they consider to best meet their performance and cost needs and environmental preferences. A number of the Company's protective packaging product lines incorporate recycled or reprocessed content, and the Company maintains ongoing efforts to add or increase recycled or reprocessed content in many of its protective packaging product lines.

The Company also supports its customers' interests in eliminating waste by offering or participating in collection programs for certain of the Company's products or product packaging and for materials used in certain of the Company's products, and, when possible, materials collected through these collection programs are reprocessed and either reused in the Company's protective packaging operations or offered to other manufacturers for use in other products.

EMPLOYEES

At December 31, 1999, the Company had approximately 15,000 employees worldwide.

ITEM 2. PROPERTIES

The Company's food and specialty packaging products are produced in 40 manufacturing facilities (15 in North America, 10 in Europe, 5 in Latin America, 9 in the Asia Pacific region, and 1 in South Africa). Protective packaging products are produced in 69 manufacturing facilities (30 in North America, 20 in Europe, 6 in Latin America, 11 in the Asia Pacific region, and 2 in South Africa, including certain small converting facilities). Several of the Company's manufacturing facilities serve both segments. The Company occupies other facilities containing fabricating or converting operations or sales, distribution, technical, warehouse or administrative functions at a number of locations in the United States and in various foreign countries.

In the United States, the Company's food and specialty products are manufactured at facilities in California, Indiana, Iowa, Mississippi, Missouri, New York, North Carolina, Pennsylvania, South Carolina and Texas. Its protective packaging products are manufactured at facilities in California, Connecticut, Georgia, Illinois, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Texas and Washington. Because of the light but voluminous nature of the Company's air cellular, polyethylene foam and protective mailer products, significant freight savings may be realized by locating manufacturing facilities for these products near markets. To realize the benefit of such savings, the Company has facilities for manufacturing these products in various locations in proximity to major markets.

The Company owns the large majority of its manufacturing facilities, certain of which are owned subject to mortgages or similar financing arrangements. The balance of the Company's manufacturing facilities are located in leased premises. The Company's manufacturing facilities are usually located in general purpose buildings in which the Company's specialized machinery for the manufacture of one or more products is contained. The Company believes that its manufacturing facilities are well maintained, suitable for their purposes, and adequate for the Company's needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to various lawsuits and administrative and other proceedings incidental to its business, including certain federal or state governmental environmental proceedings or private environmental claims relating to the cleanup of Superfund sites or other sites. While it is often difficult to estimate potential environmental liabilities and the future impact of environmental matters, based upon the information currently available to the Company and its experience in dealing with such matters, the Company believes that its potential liability with respect to such sites is not material. The Company believes, after consulting with counsel, that the disposition of its lawsuits and other legal proceedings, including environmental matters, will not have a material adverse effect on the Company's results of operations or consolidated financial position.

In connection with the Merger, New Grace retained, and agreed to indemnify and defend the Company against, all liabilities of Grace, whether accruing or occurring before or after the Merger, other than liabilities arising from or relating to Cryovac's operations. As a result, New Grace is obligated to indemnify and defend the Company in a small number of actions raising asbestos-related claims in which the Company has been named as a defendant as the alleged successor to Grace because of the Merger. The Company believes that such claims are without merit as to the Company and intends to defend vigorously these actions. Based upon currently available information, the Company believes that future costs, if any, related to such actions and other indemnified liabilities will not have a material adverse effect on the Company's results of operations or consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's stockholders during the fourth quarter of 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing in the table below sets forth the current position or positions held by each executive officer of the Company, his or her age as of March 15, 2000, the year in which he or she first was elected to the position currently held with the Company or with old Sealed Air (as indicated in the footnote to the table), and the year in which he or she first was elected an officer of the Company or of old Sealed Air (as indicated in the footnote to the table).

All of the Company's officers serve at the pleasure of the Board of Directors. All officers have been employed by the Company or its subsidiaries for more than five years except for Mr. Van Riper, who was elected Senior Vice President and Chief Financial Officer of the Company effective July 1, 1998. Previously Mr. Van Riper was a partner in the accounting firm of KPMG LLP, which was the independent auditor for old Sealed Air for many years prior to the Merger and has acted as the independent auditor for the Company since the Merger. There are no family relationships among any of the Company's officers or directors.

NAME AND CURRENT POSITION	AGE AS OF MARCH 15, 2000	FIRST ELECTED TO CURRENT POSITION*	FIRST ELECTED AN OFFICER*
William V. Hickey.................................. President, Chief Executive Officer and Director	55	2000	1980
Leonard R. Byrne................................... Senior Vice President	58	1999	1998
Bruce A. Cruikshank................................ Senior Vice President	57	1996	1990
Robert A. Pesci.................................... Senior Vice President	54	1997	1990
Daniel S. Van Riper................................ Senior Vice President and Chief Financial Officer	59	1998	1998
Jonathan B. Baker.................................. Vice President	47	1994	1994
James A. Bixby..................................... Vice President	56	1990	1990
Mary A. Coventry................................... Vice President	46	1994	1994
Jean-Luc Debry..................................... Vice President	54	1992	1992
Paul B. Hogan...................................... Vice President	60	1995	1995
James P. Mix....................................... Vice President	48	1994	1994
Manuel Mondragon................................... Vice President	50	1999	1999

NAME AND CURRENT POSITION	AGE AS OF MARCH 15, 2000	FIRST ELECTED TO CURRENT POSITION*	FIRST ELECTED AN OFFICER*
J. Stuart K. Prosser Vice President	54	1999	1999
Abraham N. Reichental Vice President	43	1994	1994
Hugh L. Sargant Vice President	51	1999	1999
Horst Tebbe Vice President	59	1998	1986
Alan S. Weinberg Vice President	58	1998	1998
Tod S. Christie Treasurer	41	1999	1999
Jeffrey S. Warren Controller	46	1996	1996
H. Katherine White General Counsel and Secretary	54	1998	1996

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* Messrs. Byrne, Christie, Mondragon, Prosser, Sargant, Van Riper and Weinberg were first appointed to executive officer positions after the Merger. All other persons listed in the table were executive officers of old Sealed Air prior to the Merger.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information appearing under the caption "Capital Stock Information" in the Company's 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information appearing under the caption "Selected Financial Data" in the Company's 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition--Quantitative and Qualitative Disclosures about Market Risk" in the Company's 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Consolidated Financial Statements and Schedule on page F-2 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Part of the information required in response to this Item is set forth in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant," and the balance will be set forth in the Company's Proxy Statement for its 2000 Annual Meeting of Stockholders under the captions "Information Concerning Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance." All such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2000 Annual Meeting of Stockholders under the captions "Directors' Compensation," "Summary Compensation Table" and "Compensation Committee Interlocks and Insider Participation." Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2000 Annual Meeting of Stockholders under the caption "Voting Securities." Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2000 Annual Meeting of Stockholders under the caption "Summary Compensation Table." Such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) DOCUMENTS FILED AS A PART OF THIS ANNUAL REPORT ON FORM 10-K:

(i) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

See Index to Consolidated Financial Statements and Schedule on page F-2 of this Annual Report on Form 10-K.

(ii) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger dated as of August 14, 1997 by and among Grace, Packco Acquisition Corp. and Sealed Air Corporation. [Exhibit 2.1 to Grace's Current Report on Form 8-K, Date of Report August 14, 1997, File No. 1-12139, is incorporated herein by reference.]
2.2	Distribution Agreement dated as of March 30, 1998 among the Company, W. R. Grace & Co.-Conn. ("Grace-Conn."), and New Grace. [Exhibit 2.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
3.1	Amended and Restated Certificate of Incorporation of the Company as currently in effect. [Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]
3.2	Amended and Restated By-Laws of the Company as currently in effect.
3.3	Amendments to the By-Laws of the Company, effective November 3, 1999.
10.1	Employee Benefits Allocation Agreement dated as of March 30, 1998 among the Company, Grace-Conn. and New Grace. [Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.2	Tax Sharing Agreement dated as of March 30, 1998 by and among the Company, Grace-Conn. and New Grace. [Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.3	Contingent Stock Plan of the Company, as amended. [Exhibit 4.3 to the Company's Registration Statement on Form S-8, Registration No. 333-59197, is incorporated herein by reference.]*
10.4	Restricted Stock Plan for Non-Employee Directors of the Company. [Annex E to the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders is incorporated herein by reference.]*
10.5	Grace 1996 Stock Incentive Plan, as amended. [Exhibit 10.1 to the Quarterly Report on Form 10-Q of Grace for the quarter ended March 31, 1997, File No. 1-12139, is incorporated herein by reference.]*
10.6	Grace 1994 Stock Incentive Plan, as amended. [Exhibit 10.6 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*
10.7	Grace 1989 Stock Incentive Plan, as amended. [Exhibit 10.5 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*
10.8	Grace 1986 Stock Incentive Plan, as amended. [Exhibit 10.4 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*

EXHIBIT NUMBER	DESCRIPTION
10.9	Information concerning Grace's stock options and deferred payment arrangements for Grace's LTIP awards that were assumed by the Company. [Information under the headings "Stock Options" and "LTIP" on pages 15-16 of the Proxy Statement for the Company's 1999 Annual Meeting of Stockholders is incorporated herein by reference.]*
10.10	Sealed Air Corporation Deferred Compensation Program for Cryovac Employees. [Exhibit 10.10 to the Annual Report on Form 10-K for the year ended December 31, 1998, File No. 1-12139, is incorporated herein by reference.]*
10.11	Form of Contingent Stock Agreement--Officer. [Exhibit 4.5 to the Company's Registration Statement on Form S-8, Registration No. 333-59197, is incorporated herein by reference.]*
10.12	Form of Contingent Stock Agreement--Section 162(m) Officer. [Exhibit 4.6 to the Company's Registration Statement on Form S-8, Registration No. 333-59197, is incorporated herein by reference.]*
10.13	Form of Restricted Stock Purchase Agreement. [Exhibit 4.4 to the Company's Registration Statement on Form S-8, Registration No. 333-59195, is incorporated herein by reference.]*
10.14	Global Revolving Credit Agreement (5-year) dated as of March 30, 1998 among the Company, certain of its subsidiaries including Cryovac, Inc., ABN AMRO Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N. A., and the other banks party thereto. [Exhibit 10.3 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.15	Global Revolving Credit Agreement (364-day) dated as of March 30, 1998 among the Company, certain of its subsidiaries including Cryovac, Inc., ABN AMRO Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N. A., and the other banks party thereto. [Exhibit 10.4 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.16	First Amendment, dated as of March 16, 1999, to Global Revolving Credit Agreement (5-year), among the Company, certain of the Company's subsidiaries as borrowers and guarantors thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 1-12139, is incorporated herein by reference.]
10.17	First Amendment, dated as of March 16, 1999, to Global Revolving Credit Agreement (364-day), among the Company, certain of the Company's subsidiaries as borrowers and guarantors thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 1-12139, is incorporated herein by reference.]

EXHIBIT NUMBER	DESCRIPTION
10.18	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (5-year), among the Company, certain of the Company's subsidiaries as guarantors and/or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]
10.19	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (364-day), among the Company, certain of the Company's subsidiaries as guarantors and/or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]
10.20	Agreement dated as of April 6, 1999, between the Company and J. Gary Kaenzig, Jr. [Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]*
10.21	Performance-Based Compensation Program of the Company (as adopted effective for the 2000 fiscal year) subject to stockholder approval at the 2000 Annual Meeting.*
13	Portions of the Company's 1999 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.
21	Subsidiaries of the Company.
23.1	Consent of KPMG LLP.
23.2	Consent of PricewaterhouseCoopers LLP
27	Financial Data Schedule

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* Compensatory plan or arrangement of management required to be filed as an exhibit to this report on Form 10-K.

(B) REPORTS ON FORM 8-K:

The Company did not file any reports on Form 8-K during the fiscal quarter ended December 31, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
(Registrant)

Date: March 27, 2000

By /s/ WILLIAM V. HICKEY

William V. Hickey
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
By /s/ WILLIAM V. HICKEY William V. Hickey	President, Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2000
By /s/ DANIEL S. VAN RIPER Daniel S. Van Riper	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 27, 2000
By /s/ JEFFREY S. WARREN Jeffrey S. Warren	Controller (Principal Accounting Officer)	March 27, 2000
By /s/ T. J. DERMOT DUNPHY T. J. Dermot Dunphy	Chairman of the Board and Director	March 27, 2000
By /s/ HANK BROWN Hank Brown	Director	March 27, 2000
By /s/ JOHN K. CASTLE John K. Castle	Director	March 27, 2000

SIGNATURE	TITLE	DATE
By /s/ CHRISTOPHER CHENG Christopher Cheng	Director	March 27, 2000
By /s/ LAWRENCE R. CODEY Lawrence R. Codey	Director	March 27, 2000
By /s/ CHARLES F. FARRELL, JR. Charles F. Farrell, Jr.	Director	March 27, 2000
By /s/ DAVID FREEMAN David Freeman	Director	March 27, 2000
By /s/ SHIRLEY A. JACKSON Shirley A. Jackson	Director	March 27, 2000
By /s/ VIRGINIA A. KAMSKY Virginia A. Kamsky	Director	March 27, 2000
By /s/ ALAN H. MILLER Alan H. Miller	Director	March 27, 2000
By /s/ JOHN E. PHIPPS John E. Phipps	Director	March 27, 2000

SEALED AIR CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

SEALED AIR CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

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* The information required appears on pages 26 through 57 of the Company's 1999 Annual Report to Stockholders and is incorporated by reference into this Annual Report on Form 10-K.

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

The Board of Directors
Sealed Air Corporation:

Under date of January 25, 2000, we reported on the consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of earnings, equity, comprehensive income, and cash flows for the years then ended, as contained in the 1999 Annual Report to Shareholders of Sealed Air Corporation. These consolidated financial statements and our report thereon are incorporated by reference in this Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related 1999 and 1998 consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

s/ KPMG LLP

KPMG LLP
Short Hills, New Jersey
January 25, 2000

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
Sealed Air Corporation

Our audit of the consolidated financial statements referred to in our report dated February 23, 1998, contained in the 1999 Annual Report to Shareholders of Sealed Air Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule for the year ended December 31, 1997, listed in the Index to Consolidated Financial Statements and Schedule of this Form 10-K. In our opinion, the Financial Statement Schedule for the period referred to above presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

s/PRICEWATERHOUSECOOPERS LLP
PRICEWATERHOUSECOOPERS LLP
Ft. Lauderdale, Florida
February 23, 1998

SEALED AIR CORPORATION AND SUBSIDIARIES
SCHEDULE II
Valuation and Qualifying Accounts
Years Ended December 31, 1999, 1998 and 1997
(In thousands of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS (1)	DEDUCTIONS (2)	BALANCE AT END OF YEAR
Year ended December 31, 1999					
Allowance for doubtful accounts....	17,945	6,662	1,936	(5,147)	21,396
Year ended December 31, 1998					
Allowance for doubtful accounts....	7,256	11,300	5,539	(6,150)	17,945
Year ended December 31, 1997					
Allowance for doubtful accounts....	5,734	2,695	1,511	(2,684)	7,256

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(1) In 1998, primarily allowance for doubtful accounts of old Sealed Air acquired on March 31, 1998.

(2) Primarily accounts receivable balances written off.

Exhibit 3.2

Amended and Restated By-Laws of Sealed Air Corporation as currently in effect.

AMENDED AND RESTATED BY-LAWS

OF

SEALED AIR CORPORATION

AS AMENDED NOVEMBER 3, 1999

ARTICLE 1

OFFICES

SECTION 1.01. REGISTERED OFFICE. The registered office of the Corporation shall be in Wilmington, Delaware.

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

ARTICLE 2

MEETINGS OF STOCKHOLDERS

SECTION 2.01. PLACE. Meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors.

SECTION 2.02. ANNUAL MEETINGS. Annual meetings of stockholders shall, unless otherwise provided by the Board of Directors, be held on the third Friday in May each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at 11:00 A.M., at which the stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03. NOTICE OF ANNUAL MEETINGS. Written notice of the annual meeting, stating the place, date and hour thereof, shall be given to each stockholder entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting.

SECTION 2.04. LIST OF STOCKHOLDERS. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any stockholder who is present.

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

SECTION 2.06. NOTICE OF SPECIAL MEETINGS. Written notice of a special meeting of stockholders, stating the place, date, hour and purpose thereof, shall be given by the secretary to each stockholder entitled to vote thereat, not less than ten nor more than sixty days before the date fixed for the meeting.

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

SECTION 2.08. QUORUM. The holders of a majority of the voting power of the then outstanding Voting Stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, so long as the adjournment is not for more than thirty days and a new record date is not fixed for the adjourned meeting, until a quorum shall be present or represented. If a quorum shall be present or represented at such adjourned meeting, any business may be transacted which might have been transacted at the original meeting when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

SECTION 2.09. VOTE REQUIRED. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy shall decide any questions brought before such meeting, except as otherwise provided by statute or the Certificate of Incorporation.

SECTION 2.10. PROXIES, ETC. Except as otherwise provided by statute or the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. No proxy or power of attorney to vote shall be used to vote at a meeting of the stockholders unless it shall have been filed with the secretary of the meeting when required by the inspectors of election.

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

SECTION 2.12. NOTICE OF STOCKHOLDER NOMINATION AND STOCKHOLDER BUSINESS. At an annual meeting of the stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice by the stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 119th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. Every such notice by a stockholder shall set forth (i) the name and address of such stockholder as they appear on the Corporation's books and the class and number of shares of the Corporation's Voting Stock that are owned beneficially and of record by such stockholder, (ii) a representation that the stockholder is a holder of the Corporation's Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, and such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the Board of Directors of the Corporation; and (iv) with respect to notice of an intent to bring up any other matter, a description of the matter, the reasons for conducting such business at the meeting and any material interest of the stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the chairman of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and whether such matter is an appropriate subject for stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation.

ARTICLE 3

DIRECTORS

SECTION 3.01. NUMBER. Subject to the rights of the holders of any series or class of stock to elect directors under specified circumstances as provided by the Certificate of Incorporation, the number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors, but no decrease in the number of directors effected by any such resolution shall change the term of any director in office at the time that any such resolution is adopted. The directors shall be elected at the annual meeting of the stockholders, except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these By-laws, and each director shall hold office until a successor is elected and qualified or until such director's earlier resignation or removal. Directors need not be stockholders.

SECTION 3.02. VACANCIES. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each of the directors so chosen shall hold office until the next annual election and until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.03. AUTHORITY. The business of the Corporation shall be managed by or under the direction of its Board of Directors, which shall exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders or are not by these By-laws or by resolution of the Board of Directors or a committee thereof, in either case not inconsistent with the statutes, the Certificate of Incorporation or these By-laws, authorized or directed to be done by the officers of the Corporation.

SECTION 3.04. PLACE OF MEETING. The Board of Directors of the Corporation or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

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

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

SECTION 3.07. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the chairman of the board, the chief executive officer or the president and shall be called by the president or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

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

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

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

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

SECTION 3.12. MINUTES OF COMMITTEE MEETINGS. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board of Directors, shall report the same to the Board of Directors.

SECTION 3.13. ACTION BY WRITTEN CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

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

SECTION 3.15. COMPENSATION OF DIRECTORS. The directors may be paid their expenses of attendance at each meeting of the Board of Directors or of any special or standing committee thereof. The Board of Directors may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the

Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board of Directors, and for attending meetings of the Board of Directors or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4

NOTICES

SECTION 4.01. GIVING OF NOTICE. Notices to directors and stockholders mailed to them at their addresses appearing on the books of the Corporation shall be deemed to be given at the time when deposited in the United States mail.

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

ARTICLE 5

OFFICERS

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

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

SECTION 5.03. TERM OF OFFICE, ETC. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

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

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

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

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

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

ARTICLE 6

CERTIFICATES OF STOCK

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

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

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

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

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

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

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

ARTICLE 7

MISCELLANEOUS

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

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

SECTION 7.03. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

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

ARTICLE 8

INDEMNIFICATION

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

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

SECTION 8.03. ADDITIONAL INDEMNIFICATION. The Board of Directors may from time to time adopt further by-laws with respect to indemnification and may amend these By-laws and such by-laws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE 9

AMENDMENTS

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

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

Exhibit 3.3

Amendments to the By-Laws of Sealed Air Corporation, effective November 3, 1999.

RESOLVED that Sections 5.01 and 5.02 of the By-Laws of the Corporation shall be and are amended to read in their entirety as follows:

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

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

Exhibit 10.21

SEALED AIR CORPORATION
PERFORMANCE-BASED COMPENSATION PROGRAM
(AS ADOPTED EFFECTIVE FOR THE 2000 FISCAL YEAR)

In order to entitle Sealed Air Corporation (the "Corporation") to deduct for U.S. income tax purposes the compensation expense resulting from certain performance-based compensation provided to certain officers and other eligible employees (as defined below) pursuant to awards under the Corporation's Contingent Stock Plan or under annual cash bonus arrangements, the following are the terms under which such awards may be granted to such eligible employees as provided in Internal Revenue Code Section 162(m) and the regulations thereunder, as the same may be amended from time to time ("Section 162(m)"):

I. ELIGIBLE EMPLOYEES:

The class of employees eligible for awards under this program ("eligible employees") consists of the chief executive officer of the Corporation, the other four most highly compensated executive officers of the Corporation, and other officers and key employees of the Corporation or any of its subsidiaries selected by the committee of the Board of Directors (the "Committee") that is authorized by the Board of Directors to establish and administer performance goals under this program. The Committee will be comprised of "outside directors" as that term is defined in Section 162(m).

II. PERFORMANCE-BASED AWARDS OF COMMON STOCK:

Performance-based awards of shares of the Corporation's Common Stock under the Contingent Stock Plan of Sealed Air Corporation can be made based upon achievement of pre-established objective goals during a performance period (which may be the calendar year) established by the Committee, consistent with the requirements of Section 162(m). If such goals are achieved, then an eligible employee may be granted one or more awards of Common Stock under the Contingent Stock Plan during the 12-month period following the performance period in an aggregate amount up to the pre-established award level.

The maximum amount of performance-based awards made in shares of the Corporation's Common Stock under the Contingent Stock Plan to any eligible employee under this program during any 12-month period may not exceed two-tenths of 1% (0.2%) of the issued and outstanding shares of the Corporation's Common Stock at the beginning of such period. The Committee retains the sole and exclusive discretion to set pre-established award levels for awards under the Corporation's Contingent Stock Plan at an amount less than the maximum level specified in the prior sentence and to reduce (including a reduction to zero) any award to be made in shares of Common Stock under the Contingent Stock Plan that is otherwise payable under the program.

III. PERFORMANCE-BASED AWARDS OF CASH:

Performance-based awards of cash under the Corporation's annual cash bonus arrangements can be made to eligible employees based upon achievement of pre-established objective goals during a calendar year performance period. If such goals are achieved, the eligible employee may be granted an annual cash bonus for such year in an amount of up to one percent (1%) of the Corporation's net earnings for that fiscal year, provided, however, that the Committee in its sole and exclusive discretion may reduce (including a reduction to zero) any award to be made in cash to any eligible employee that is otherwise payable under the program for such year. At the sole and exclusive discretion of the Committee, an annual cash bonus may be paid although such goals have not been achieved if the eligible employee dies or becomes disabled during the performance period or a "change in control" (as defined in the Contingent Stock Plan) occurs during the performance period.

IV. PRE-ESTABLISHED OBJECTIVE GOALS:

Performance-based awards under this program will require attainment of objective, pre-established goals based on one or more of the following criteria: growth in net sales, operating profit, net earnings, measures of cash flow, measures of expense control, earnings before interest and taxes (commonly called EBIT), earnings before interest, taxes, depreciation and amortization (commonly called EBITDA), earnings per share, successful completion of strategic acquisitions, joint ventures or other transactions, or any combination of the foregoing goals. Pre-established goals and award levels will be established by the Committee in writing during the first 90 days of the performance period (or during the first 25% of the performance period if the performance period is less than a year), provided that the outcome is substantially uncertain at the time the Committee establishes the goal. Except as specified in this program, performance goals may not be changed once set. No stock grants or cash payments will be made until the Committee has certified that the performance goals have been met.

V. ADDITIONAL PROVISIONS:

A. The limits on awards made in the Corporation's Common Stock and in cash are cumulative, that is, the Corporation may grant to any eligible employee in any year awards up to the specified limits both for Common Stock and for cash. While the limits are annual, performance-based awards need not be made every year, and the Committee shall have the discretion to determine the intervals between successive performance-based awards.

B. In the event of any change in the Corporation's capitalization, such as through a stock split, stock dividend, recapitalization, merger or consolidation, appropriate adjustments will be made by the Board of Directors to the maximum amount of performance-based awards that may be made in shares of the Corporation's Common Stock during any 12-month period to an eligible employee, to the pre-established award level for any award to be made in shares of the Corporation's Common Stock, to the amount of any performance-based award to be made in shares of the Corporation's Common Stock that has been approved by the Committee before such change occurred but not yet made as of such change and the purchase price per share for the shares subject to such award, and to any pre-established goal that is based upon the Corporation's capitalization, such as earnings per share. For the purpose of determining whether a goal has been attained, the Committee may also disregard any change in accounting standards required by the Financial Accounting Standards Board that is adopted after a performance goal has been established.

C. The Committee shall be entitled at its discretion to approve awards under the Contingent Stock Plan, cash bonuses or compensation under any other compensation plan or arrangement that does not meet the requirements of Section 162(m) and thus may be partly or fully non-deductible by the Corporation for U.S. income tax purposes.

D. Except as provided above and subject to the stockholder approval requirements of Section 162(m), the Committee shall have complete power and authority to amend, suspend or terminate any or all terms of the performance-based compensation program, except that it may not alter performance goals or increase pre-established award levels once they have been established for a performance period. The Committee shall have full authority to administer the performance-based compensation program and to interpret the program's terms and establish rules for the administration of the program, although the Committee may consider recommendations from the Chief Executive Officer of the Corporation or from directors who are not members of the Committee. The Committee's determinations under the program shall be final.

E. An eligible employee's rights and interests under the program may not be assigned or transferred by the eligible employee. To the extent an eligible employee acquires a right to receive an award under the program, such right shall be no greater than the right of any unsecured general creditor of the

Corporation. Nothing contained in the program shall be deemed to create a trust of any kind or any fiduciary relationship between the Corporation and an eligible employee. Designation as an eligible employee under the program shall not entitle the employee to continued employment with or, if applicable, continuation as an officer of the Corporation or any of its subsidiaries.

F. The program shall be construed and governed in all respects under the laws of the United States to the extent applicable and, to the extent such laws are not applicable, under the laws of the State of New Jersey.

The foregoing terms of the performance-based compensation program shall become effective as of the Corporation's 2000 fiscal year, subject to the approval by the affirmative vote of a majority of votes cast by the stockholders of the Corporation at the 2000 annual meeting of stockholders.

SELECTED FINANCIAL DATA (1) EXHIBIT 13
(In thousands of dollars, except per share data)

	1999	1998	1997	1996	1995
CONSOLIDATED STATEMENT OF EARNINGS DATA:					
Net sales	$ 2,839,636	$ 2,506,756	$ 1,833,111	$ 1,741,602	$ 1,705,642
Gross profit	1,028,722	868,736	646,002	590,596	627,542
Operating profit (2)	452,192	259,332	267,744	173,500	248,062
Earnings before income taxes	395,653	198,947	263,672	169,822	235,473
Net earnings (2)	211,461	73,007	173,732	99,830	140,892
Series A convertible preferred stock dividends (3)	71,422	53,921			
Earnings per common share (4)					
Basic	$ 1.69	$ 0.04	$ 2.54	$ 0.56	$ 1.33
Diluted	$ 1.68	$ 0.02	$ 2.39	$ 0.55	$ 1.30
CONSOLIDATED BALANCE SHEET DATA:					
Working capital	$ 221,130	$ 309,624	$ 343,741	$ 277,583	$ 289,605
Total assets	3,855,233	4,039,930	1,646,831	1,702,888	1,477,360
Long-term debt, less current installments	665,116	996,526	--	--	--
Series A convertible preferred stock (3)	1,761,662	1,791,093	--	--	--
Total shareholders' equity (5)	551,030	437,045	1,352,628	1,381,790	1,173,962
OTHER DATA:					
EBIT (6)	$ 453,779	$ 252,576	$ 263,672	$ 169,822	$ 235,473
Depreciation and amortization	223,399	195,954	111,080	94,380	80,357
EBITDA (7)	677,178	448,530	374,752	264,202	315,830
Capital expenditures	75,080	82,408	101,997	294,503	293,272

(1) The Selected Financial Data include the operations of the Cryovac packaging business for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included for all periods subsequent to March 31, 1998. See Note 1 to the Consolidated Financial Statements.

(2) Operating profit is presented after giving effect to restructuring and asset impairment charges of $110,792, $14,444, $74,947 and $17,745 in 1998, 1997, 1996 and 1995, respectively. The 1998 restructuring and asset impairment charges were partially offset by a special credit of $23,610 related to the Company's curtailment of a postretirement benefit plan. Net earnings in 1998 are presented after giving effect to a special income tax charge of $26,000. See Consolidated Statements of Earnings and Notes 8, 9 and 11 to the Consolidated Financial Statements.

(3) The Series A convertible preferred stock pays a cash dividend at an annual rate of $2.00 per share, payable quarterly in arrears, and is subject to mandatory redemption on March 31, 2018 at $50 per share, plus any accrued and unpaid dividends. Dividends of $0.50 per share were declared for each of the four quarters of 1999 and the last three quarters of 1998 following the issuance of the shares in the transactions associated with the Merger.

(4) Prior to March 31, 1998, the Company did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based. In calculating basic and diluted earnings per common share for periods prior to the Merger, retroactive recognition has been given to the transactions associated with the Merger. See Note 16 to the Consolidated Financial Statements.

(5) Since, prior to the Merger, the Company did not have a separately identifiable capital structure, shareholders' equity for 1995 through 1997 represents the net assets of Cryovac.

(6) EBIT is defined as earnings before interest expense and provisions for income taxes.

(7) EBITDA is defined as EBIT plus depreciation, goodwill amortization and amortization of other intangible assets. EBITDA is a frequently used measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. EBITDA does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements or as an indicator of the Company's performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

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

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

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

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

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

In order to facilitate a review of the factors that affected the Company's 1999 operating results, the Company has included selected unaudited pro forma financial information in Note 19 to the Consolidated Financial Statements. References to this information are included below in the discussion of results of operations to assist in understanding the factors other than the Merger and its related transactions that affected the Company's operating results in the periods covered by the Company's Management's Discussion and Analysis.

RESULTS OF OPERATIONS

DISCUSSION AND ANALYSIS OF REPORTED OPERATING RESULTS

The Company's net sales increased 13% in 1999 compared with 1998 and 37% in 1998 compared with 1997.

Most of the increase in net sales in 1999 and 1998 on a consolidated and geographic basis as well as most of the increase in cost of sales, marketing, administrative and development expenses and the substantial increase in goodwill amortization were primarily due to the inclusion of the protective packaging business of old Sealed Air in the entire 1999 period and in the last three quarters of 1998, and adjustments arising from the Merger, the Reorganization and the Recapitalization.

Net sales of the Company's food and specialty packaging segment constituted 62% of net sales in 1999, 67% in 1998 and 87% in 1997. The balance of the net sales were of products in the Company's protective packaging segment. The decline in the proportion of the Company's net sales in the food and specialty packaging segment was primarily due to the added sales of old Sealed Air's protective packaging products after the Merger.

Net sales of food and specialty packaging products increased 5% in 1999 and 6% in 1998. The increase in both periods was due to higher unit volume and the inclusion of old Sealed Air's absorbent and other food packaging products in this segment after the Merger, partially offset by the negative effect of foreign currency translation. The increase in net sales in 1998 was also partially offset by certain lower average selling prices in certain product lines and changes in product mix. Among the major classes of products in this segment, net sales of flexible packaging materials and related equipment increased 3% in 1999 and 2% in 1998. The increase in both periods was due primarily to higher unit volume and the addition of old Sealed Air's products, partially offset by the negative effect of foreign currency translation. Net sales of rigid packaging and absorbent products increased 22% in 1999 and 71% in 1998. The increase in 1999 was primarily due to higher unit volume, and net sales in both periods also increased substantially due to the inclusion of old Sealed Air's absorbent products in this class of products following the Merger.

Net sales of protective packaging products increased 31% in 1999 and 236% in 1998. The increase in 1999 was due to the inclusion of old Sealed Air's protective packaging products for the full twelve months of 1999 compared to only the last nine months of 1998, increased unit volume and, to a lesser extent, the added net sales of several small acquired businesses. The increase in 1998 reflected higher unit volume but was primarily due to the additional net sales of old Sealed Air's protective packaging products following the Merger.

Gross profit as a percentage of net sales was 36.2% in 1999, 34.7% in 1998 and 35.2% in 1997. The increase in 1999 was due to the higher level of net sales and cost reductions arising out of improvements in the Company's operations partially offset by certain higher raw material prices for certain of the Company's products. The decrease in 1998 compared to 1997 was due to a non-cash inventory charge of $8 million during the second quarter of 1998, resulting from the turnover of certain of the Company's inventories previously stepped up to fair value in connection with the accounting for the Merger, to higher levels of depreciation arising from capital expenditures made in prior years, and to inventory and equipment parts provisions in 1998, partially offset by certain lower raw material costs.

Marketing, administrative and development expenses increased 8% in 1999 and 34% in 1998. The 1999 and 1998 increases were due primarily to the addition of the operating costs of old Sealed Air following the Merger and to integration and information system costs. The substantial majority of the Merger integration costs incurred in 1998 met the accounting and reporting requirements for restructuring and asset impairment treatment. These costs are discussed below and also in the later paragraphs discussing the Company's restructuring program. In addition, during the first quarter of 1998, Cryovac incurred $18,044,000 of corporate allocations from Grace. Such allocations ceased upon the Merger. Marketing, administrative and development expenses as a percentage of net sales were 18.6% in 1999, 19.4% in 1998 and 19.8% in 1997. The 1999 expense level reflects continued improvements in the Company's operations.

Goodwill amortization increased in each year primarily due to goodwill resulting from the Merger.

The Company did not incur restructuring charges in 1999. Restructuring costs and asset impairments were $110,792,000 in 1998 and $14,444,000 in 1997. The Company's 1998 restructuring and other charges, net, reflect a $23,610,000 special credit to operations relating to the curtailment of certain post-retirement benefits. The 1997 Cryovac restructuring costs include $3,616,000 primarily related to a restructuring of Cryovac's European operations and asset impairment charges of $10,828,000 for certain long-lived assets that were determined to be impaired.

Operating profit increased 74% in 1999 but decreased 3% in 1998. These changes reflect an increase in net sales and the changes in costs and expenses discussed above which included in 1998 the restructuring and other charges, net. Before giving effect to corporate operating expenses, consisting primarily of goodwill amortization and restructuring and other charges, net, operating profit of the Company's food and specialty packaging segment constituted 55% and 61% of operating profit in 1999 and 1998, respectively. The balance of operating profit arose from the Company's protective packaging segment. The decline in the proportion of the Company's operating profit in the food and specialty packaging segment was primarily due to the added operating profit of old Sealed Air's protective packaging products after the Merger. Due to the Merger, it is not practicable to provide segmented operating profit information for 1997. Operating profit as a percentage of net sales was 15.9% in 1999, 10.3% in 1998 and 14.6% in 1997.

Interest expense increased in 1999 and 1998 since the indebtedness incurred under the Credit Agreements was outstanding for the full twelve months of 1999 but only for the last nine months of 1998. There is no interest expense reflected in the statement of earnings for 1997 since Grace generally borrowed on behalf of Cryovac and did not allocate borrowings or their related interest expense to Cryovac.

The changes in other income (expense), net, in each year primarily reflect the effects of foreign exchange transactions.

The Company's effective income tax rates were 46.6%, 46.7% and 34.1% in 1999, 1998 and 1997, respectively. The 1999 effective tax rate was higher than statutory rates due to the non-deductibility of goodwill amortization. The 1998 effective rate noted above excludes the effects of the $87,182,000 of net restructuring and other charges and a $26,000,000 special income tax charge for the assumed repatriation to the U.S. of the portion of the accumulated earnings of the Company's foreign subsidiaries that were not considered to be permanently invested in their businesses. Including these items, the effective rate for 1998 was 63.3% and was higher than statutory rates primarily due to the charges noted above and the non-deductibility of goodwill amortization for tax purposes. The Company expects that its effective tax rate will continue to remain higher than statutory rates for 2000 due primarily to the non-deductibility of goodwill amortization for tax purposes. The effective tax rate in 1997 was lower than the 1998 effective tax rate primarily due to the significantly higher levels of non-deductible goodwill amortization in 1998 and changes in U.S. and foreign taxes on foreign operations.

Net earnings increased 190% to $211,461,000 in 1999 compared to $73,007,000 in 1998, primarily resulting from the Company's higher operating profit in 1999 and the absence in 1999 of the special income tax charge incurred in 1998 as discussed above. Net earnings decreased 58% in 1998 due primarily to the decline in operating profit as well as the higher levels of interest expense and income taxes.

Basic earnings per common share were $1.69 for 1999, $0.04 for 1998 and $2.54 for 1997. Diluted earnings per common share were $1.68 for 1999, $0.02 for 1998 and $2.39 for 1997. Earnings per common share were calculated in accordance with Staff Accounting Bulletin No. 98, "Computation of Earnings Per Share", for the 1998 and 1997 periods, since the Company did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based prior to March 31, 1998. Accordingly, net earnings were reduced for preferred stock dividends (as if such shares had been outstanding during each year) to arrive at earnings ascribed to common shareholders.

RESTRUCTURING PROGRAM

Following the Merger, the Company undertook a review of its operations in order to develop a combined operating plan for the integration of old Sealed Air and Cryovac. As part of this plan, during the third quarter of 1998, the Company announced and began to implement a restructuring program and recorded a pre-tax charge of $111,074,000 to recognize the restructuring costs and related asset impairments.

The business operating changes made as result of the Company's combined operating plan include the following:

- Combining or eliminating certain small facilities and administrative support functions;

- Reorganizing sales and marketing to add sales people in the field and increase customer access;

- Integrating Cryovac's industrial and consumer films product line into the Company's protective packaging business segment;

- Leveraging Cryovac's infrastructure in Latin America and Asia to accelerate growth of the Company's protective packaging business segment;

- Eliminating layers of management;

- Centralizing Cryovac's U.S. research facilities to capitalize more efficiently on R & D strengths;

- Streamlining the Cryovac manufacturing organization; and

- Identifying impaired and unnecessary facilities and equipment in connection with the combined operating plan.

The portion of the 1998 restructuring and asset impairment charge applicable to the Company's food and specialty packaging segment amounted to $97,064,000, and the portion applicable to the protective packaging segment amounted to $14,010,000.

As part of the restructuring, the Company eliminated approximately 750 positions through December 31, 1999, or 5% of its total workforce. As of December 31, 1999, all restructuring actions including employee severances and asset dispositions were substantially completed. There remains to be paid in future periods approximately $5 million of the original $43 million estimate of cash outlays. Such remaining outlays are principally for employee severances, lease terminations and other exit costs.

The Company expects to realize approximately $45 million in annual operating cost savings beginning in the year 2000. The anticipated $45 million savings include reductions in depreciation and amortization of approximately $8 million per annum, which began in the fourth quarter of 1998, and reductions in cash operating expenses of approximately $37 million per annum that relate primarily to payroll and related payroll tax and benefit expenses. The reductions in cash operating expenses began upon elimination of the employee positions. The Company estimates that approximately $30 million of these cash operating expense reductions were realized in 1999; these reductions were modest in amount for 1998. Of the $45 million anticipated savings, approximately 40% should be realized from reductions in manufacturing costs and 60% should be realized from reductions in other operating costs. Additional information is included in Note 9 to the Consolidated Financial Statements.

DISCUSSION AND ANALYSIS OF PRO FORMA OPERATING RESULTS

The following discussion compares the Company's 1999 reported operating results and the unaudited selected pro forma earnings statement information for 1998 and 1997 that appear in Note 19 to the Consolidated Financial Statements. The 1998 and 1997 pro forma information has been prepared as if the Reorganization, the Recapitalization and the Merger had occurred on January 1, 1997 and illustrates the operations of Cryovac and old Sealed Air on a combined basis in 1997 and 1998. However, it is not intended to represent what the Company's actual results of operations would have been in 1997 or 1998 had these transactions actually occurred on January 1, 1997.

Net sales increased 4% in 1999 to $2,839,636,000 and increased 2% in 1998 to $2,719,508,000. The increase in both periods was due primarily to higher unit volume. In addition, average selling price and product mix changes had a minor negative effect on net sales in 1998.

Excluding the negative effect of foreign currency translation, net sales in 1999 and 1998 would have increased 6% and 5%, respectively. In 1999, net sales continued to be affected by the continued weakness of foreign currencies compared with the U.S. dollar in Latin America and Europe. Net sales were affected in 1998 by the continued weakness of foreign currencies compared with the U.S. dollar, particularly in the Asia-Pacific and Latin American regions, sluggish sales in Asia and other markets, and the spillover effect of the Asian economic crisis into other markets.

Net sales from North American operations increased 5% in 1999 compared to 1998 and 4% in 1998 compared to 1997 primarily due to increased unit volume. In 1999 and 1998, the net sales in North America represented 57% and in 1997 represented 55% of consolidated net sales, respectively. Substantially all of the North American net sales for each year represent net sales from the United States.

Net sales from foreign operations, which represented 43% of net sales in 1999 and 1998, and 45% of net sales in 1997, increased 4% in 1999 and decreased 1% in 1998. The increase in 1999 was primarily due to higher unit volume and, to a lesser extent, the added net sales of several small acquired businesses, partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales would have increased 8% in 1999. The decrease in 1998 was primarily due to the negative effect of foreign currency translation. Excluding this negative effect, foreign net sales would have increased 6% primarily due to increased unit volume. No country other than the United States accounts for more than 10% of the Company's total net sales.

Net sales of the Company's food and specialty products segment increased 3% in 1999 and increased marginally in 1998. The increase in 1999 was due primarily to higher unit volume partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of this segment would have increased 6% in 1999. The increase in 1998 was due primarily to increased unit volume partially offset by the negative effect of foreign currency translation, certain lower average selling prices in certain product lines and changes in product mix. Excluding the effect of foreign currency translation, net sales of this segment would have increased 5% in 1998.

Net sales of the Company's protective packaging segment increased 7% in 1999 and 3% in 1998. The increase in 1999 was primarily due to higher unit volume and, to a lesser extent, the added net sales of several small acquired businesses partially offset by the negative effect of foreign currency translation. The increase in 1998 was primarily due to higher unit volume, which was partially offset by the negative effect of foreign currency translation, and certain lower average selling prices in certain product lines. Excluding the effect of foreign currency translation, net sales in this segment would have increased 8% in 1999 and 5% in 1998.

Gross profit as a percentage of net sales was 36.2% for 1999, 35.2% in 1998, and 35.7% in 1997. The increase in 1999 was due to the higher level of net sales and cost reductions arising out of improvements in the Company's operations, partially offset by certain higher raw material prices for certain of the Company's products. The decrease in 1998 as compared to 1997 was primarily due to the higher levels of depreciation arising from capital expenditures made in prior years and to inventory and equipment parts provisions in 1998, partially offset by certain lower raw material costs. The Company also incurred certain manufacturing and product introduction costs that affected the first quarter of 1998. Pro forma cost of sales in 1998 excludes the $8 million non-cash inventory charge that the Company incurred during the second quarter of 1998 discussed above.

Marketing, administrative and development expenses as a percentage of net sales was 18.6% in 1999, 19.0% in 1998 and 18.5% in 1997. The decrease in 1999 compared to 1998 reflects the continued improvements in the Company's operations, partially offset by integration expenses and increases in information systems costs. The marginal increase in 1998 compared to 1997 resulted primarily from merger integration activities and information system costs.

Operating profit increased 15% in 1999 but decreased 5% in 1998, before giving effect to the net restructuring and other charges in 1998 and 1997. The increase in 1999 was due primarily to the higher level of net sales and the changes in costs and expenses discussed above. The decrease in 1998 was primarily due to the changes in gross profit and marketing, administrative and development expenses discussed above.

Other expense, net, primarily reflects interest expense. The decrease in all periods was primarily due to a decrease in interest expense resulting from the lower level of debt outstanding in each period compared to the prior year. In addition, the 1999 decrease in other expense, net, also reflects lower exchange losses related to the effects of foreign exchange transactions.

Net earnings increased to $211,461,000 in 1999 primarily due to the higher level of operating profit but declined to $81,492,000 in 1998 from $184,535,000 in 1997 primarily due to the lower level of operating profit and higher income taxes.

Basic and diluted earnings per common share amounted to $1.69 and $1.68 for 1999, respectively, and $0.14 and $0.12, respectively, for 1998, on a pro forma basis, compared with $1.35 basic and diluted earnings per common share for 1997, on a pro forma basis. The effect of the conversion of the Company's outstanding convertible preferred stock is not considered in the calculation of diluted earnings per common share as the effect is anti-dilutive (i.e., would increase earnings per common share to $1.85 for 1999 compared with $1.43 for 1998 and $1.51 for 1997, on a pro forma basis and excluding the effects in 1998 and 1997 of the net restructuring and other charges and in 1998 the special income tax charge discussed above).

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of liquidity are cash flows from operations and amounts available under the Company's existing lines of credit, including principally the Credit Agreements described below.

Net cash provided by operating activities amounted to $430,354,000 in 1999, $411,646,000 in 1998 and $235,314,000 in 1997. The increase in 1999 was due to net earnings from the inclusion of the operations of old Sealed Air for the full twelve months of 1999 as well as increased net earnings. This increase was partially offset by changes in operating assets and liabilities in the ordinary course of business, which included the timing of cash payments related to the restructuring and related charges. The increase in cash flow in 1998 was primarily due to the inclusion of the operations of old Sealed Air from April 1, 1998 and changes in operating assets and liabilities arising in the ordinary course of business.

Net cash used in investing activities amounted to $97,285,000 in 1999, $38,316,000 in 1998 and $115,339,000 in 1997. In each year, the net cash used in investing activities was used primarily for capital expenditures and acquisitions. The increase in net cash used in 1999 was due primarily to the absence in 1999 of the cash acquired from old Sealed Air in the Merger, which in 1998 more than offset the cash used for other acquisitions and partially offset the cash used for capital expenditures. The 1999 period also includes $25,811,000 of cash used to make various small acquisitions in 1999.

Capital expenditures were $75,080,000 in 1999, $82,408,000 in 1998 and $101,997,000 in 1997. Capital expenditures for the Company's food and specialty packaging segment amounted to $51,307,000 and $48,497,000 in 1999 and 1998, respectively, and capital expenditures for the protective packaging segment amounted to $23,773,000 and $31,487,000 in 1999 and 1998, respectively. There were no corporate capital expenditures in 1999 compared to $2,424,000 in 1998. Due to the Merger, it is not practicable to provide segment information for 1997. The decrease in capital expenditures in 1999 compared to 1998 was primarily due to the management of capital planning and project spending; however, the Company currently anticipates that capital expenditures in 2000 will be in the range of $125 million to $150 million. The decrease in 1998 reflects the completion in 1997 and early 1998 of several of Cryovac's major manufacturing expansion programs. As the assets of old Sealed Air were acquired in the Merger through the issuance of common stock, the consolidated statement of cash flows for 1998 does not reflect the changes in the related balance sheet items caused by the addition of old Sealed Air's assets and liabilities, except for old Sealed Air's cash balance. The acquisition of such net assets is reflected as supplementary information in Note 15 to the Consolidated Financial Statements.

Net cash used in financing activities amounted to $367,183,000 in 1999, $325,093,000 in 1998 and $119,975,000 in 1997. The net cash used in financing activities in 1999 and 1998 was used primarily to refinance or repay outstanding debt, principally under the Credit Agreements, to pay dividends on the Company's Series A preferred stock and to purchase treasury stock. The 1999 period reflects the issuance of Senior Notes and Euro Notes, described below, the net proceeds of which (approximately $500,491,000) were used to refinance debt under the Credit Agreements. Since the Merger, the Company has reduced its debt by approximately $501,000,000. Cash flows from financing activities in 1998 also reflected the proceeds from borrowings under the Credit Agreements, offset by the transfer of funds to New Grace in connection with the Reorganization. The net cash used in financing activities in 1997 reflects net cash that was advanced by Cryovac to Grace as part of Grace's centralized cash management system, whereby cash received from operations was transferred to, and disbursements were funded from, Grace's centralized corporate accounts.

At December 31, 1999, the Company had working capital of $221,130,000, or 6% of total assets, compared to working capital of $309,624,000, or 8% of total assets, at December 31, 1998. The decline in working capital in 1999 reflects an increase in short-term borrowings and the improvement in the Company's operations resulting in lower levels of cash and cash equivalents and inventories. These changes were partially offset by an increase in notes and accounts receivable, as well as a reduction in other current liabilities relating primarily to payments made during 1999 related to restructuring.

The ratio of current assets to current liabilities (current ratio) was 1.4 at December 31, 1999 compared with 1.6 at December 31, 1998. The ratio of current assets less inventory to current liabilities (quick ratio) was 1.0 at December 31, 1999 and 1.1 at December 31, 1998. The decreases in these ratios in 1999 resulted primarily from the decreases in working capital discussed above.

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

During 1999, the Company issued euro 200 million (approximately $205 million, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes (the "Euro Notes") and $300 million aggregate principal amount of 10-year 6.95% senior notes (the "Senior Notes"). The net proceeds from these note issuances of approximately $500,491,000 in the aggregate were used to refinance outstanding borrowings under the Credit Agreements. As of December 31, 1999, the Company has entered into certain forward-starting interest rate swap agreements that have the effect of converting a portion of these fixed rate notes to variable rate debt at U.S. denominated rates which ranged from 6.2% to 6.5%, and euro denominated rates which ranged from 3.8% to 4.4% at December 31, 1999.

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 (included in long-term debt) and a 364-day revolving credit facility that expires on March 27, 2000 (included in short-term borrowings). The Company intends to renew the 364-day revolving credit facility prior to its expiration for an additional 364-day period. During 1999, the Company voluntarily reduced the amounts available under the Credit Agreements to $1.125 billion in the aggregate and expects further voluntary reductions totaling $225 million in connection with the renewal of the 364-day revolving credit facility. As of December 31, 1999 and 1998, outstanding borrowings were $160,978,000 and $990,000,000, respectively, under the 5-year revolving credit facility and $38,342,000 and $19,933,000, respectively, under the 364-day revolving credit facility. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs, including acquisitions and capital expenditures. Amounts repaid under the Credit Agreements may be reborrowed from time to time. As of December 31, 1999, facility fees were payable on the total amounts available under the Credit Agreements and amounted to 0.095% and 0.100% per annum under the 5-year revolving credit facility and the 364-day revolving credit facility, respectively.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 6.0% at December 31, 1999 and 5.8% at December 31, 1998. The Company had certain interest rate and currency swaps outstanding at December 31, 1999, and had certain interest rate swap agreements outstanding at December 31, 1998 related to its obligations under the Credit Agreements. These agreements had the effect of fixing or adjusting the interest rates on a portion of such debt. The weighted average interest rate at December 31, 1999 and 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings. The Credit Agreements, Senior Notes and Euro Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The Company was in compliance with these requirements as of December 31, 1999.

At December 31, 1999, the Company had available lines of credit, including those available under the Credit Agreements, of approximately $1.3 billion of which approximately $1.1 billion were unused.

The Series A Preferred Stock votes with the common stock on an as-converted basis, pays a cash dividend, as declared by the Company's Board of Directors, at an annual rate of $2.00 per share, payable quarterly in arrears, becomes redeemable at the option of the Company beginning March 31, 2001, subject to certain conditions, and will be subject to mandatory redemption on March 31, 2018 at $50.00 per share, plus any accrued and unpaid dividends. Because it is subject to mandatory redemption, the Series A Preferred Stock is classified outside of the shareholders' equity section of the balance sheet.

The Company's shareholders' equity was $551,030,000 at December 31, 1999 compared to $437,045,000 at December 31, 1998. Shareholders' equity increased in 1999 due to the Company's net earnings of $211,461,000, which were partially offset by preferred stock dividends of $71,422,000 and by an additional foreign currency translation adjustment of $46,678,000.

OTHER MATTERS

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates and foreign currency exchange rates, which may adversely affect its results of operations and financial condition. The Company seeks to minimize these risks through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company does not purchase, hold or sell derivative financial instruments for trading purposes.

INTEREST RATES

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates. The Company also uses interest rate collars to reduce the Company's exposure to fluctuations in the rate of interest by limiting interest rates to a given range. At December 31, 1999, the Company had forward-starting interest rate swaps, that have the effect of converting a portion of the Company's fixed rate debt to variable rate debt, and an interest rate collar agreement, maturing at various dates through November 2004, with a combined aggregate notional amount of approximately $159,000,000 compared with interest rate swap and collar agreements with a combined aggregate notional amount of $265,000,000 at December 31, 1998. The interest rate swap agreements outstanding at December 31, 1998 had the effect of converting a portion of the Company's variable rate debt to fixed rate debt. The fair value of these agreements, which represents the estimated net payment that would be made by the Company to terminate the agreements as advised by the Company's banks, was $1,260,000 at December 31, 1999. A hypothetical 10% increase in interest rates would increase the amount to be paid by the Company to terminate these agreements by approximately $2,756,000.

The fair value of the Company's fixed rate debt also 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. At December 31, 1999, the carrying value of the Company's total debt was $824,677,000, of which $502,244,000 was fixed rate debt. At December 31, 1998, the carrying value of the Company's total debt was $1,081,657,000 of which $3,477,000 was fixed rate debt. The estimated fair value of the Company's total debt, which includes the cost of replacing the Company's fixed rate debt with borrowings at current market rates, was approximately $787,589,000 at December 31, 1999 compared to $1,082,392,000 at December 31, 1998. A hypothetical 10% decrease in interest rates would result in an increase in the fair value of the total debt balance of approximately $23,138,000.

FOREIGN EXCHANGE CONTRACTS

The Company uses interest rate and currency swaps to limit foreign exchange exposure and limit or adjust interest rate exposure by swapping certain borrowings in U.S. dollars for borrowings denominated in foreign currencies. At December 31, 1999, the Company had interest rate and currency swap agreements, maturing through March 2002, with an aggregate notional amount of approximately $5,000,000 compared to an aggregate notional amount of $23,000,000 at December 31, 1998. The estimated fair value of these contracts, which represents the estimated net payment that would be received by the Company in the event of termination of these agreements based on the then current interest rates and foreign exchange rates, was $85,000 at December 31, 1999. A hypothetical 10% decrease in interest rates would result in an immaterial change in the amount to be received by the Company to terminate these agreements. A hypothetical 10% adverse change in foreign exchange rates at December 31, 1999 would cause the Company to pay approximately $442,000 to terminate these contracts. However, since these contracts hedge foreign currency denominated transactions, any change in the fair value of the contracts would be offset by changes in the underlying value of the transaction being hedged.

The Company uses foreign currency forwards to fix the amount payable on certain transactions denominated in foreign currencies. At December 31, 1999, the Company did not have any material foreign currency forward contracts outstanding while at December 31, 1998, an aggregate notional amount of approximately $12,800,000 was outstanding.

ENVIRONMENTAL MATTERS

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

YEAR 2000 COMPUTER SYSTEM COMPLIANCE

The Company completed addressing its Year 2000 issues by December 31, 1999. Year 2000 issues arose from computer programs that utilize only the last two digits of a year to define a particular year rather than the complete four digits. As a result, there was a concern that certain computer programs would not properly process certain dates, particularly those that fall into the year 2000 or subsequent years. Year 2000 issues affected both computer-based information systems and systems with embedded microcontrollers or microcomputers.

The Company incurred total costs, including an estimate of internally incurred cost, of approximately $8 million to address Year 2000 issues. The Company did not experience any significant disruptions to its financial or operating activities caused by failure of its computers and systems resulting from Year 2000 issues. Additionally, the Company did not defer any significant information technology projects due to Year 2000 issues. The Company does not expect Year 2000 issues to have a significant effect on the Company's operations or financial results in the future.

RISKS

Most Year 2000 issues would have occurred on or about January 1, 2000; however, such issues may still arise in the future. While the Company believes that it has taken all steps reasonably necessary to assure its ability to conduct business and to safeguard its assets from the effects of Year 2000 issues, risks cannot in every case be eliminated.

EURO CONVERSION

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

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

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

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

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

RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

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

FORWARD-LOOKING STATEMENTS

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

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

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Years Ended December 31, 1999, 1998 and 1997
(In thousands of dollars, except per share data)

	1999	1998	1997
Net sales	$ 2,839,636	$ 2,506,756	$ 1,833,111
Cost of sales	1,810,914	1,638,020	1,187,109
Gross profit	1,028,722	868,736	646,002
Marketing, administrative and development expenses	527,126	486,160	363,454
Goodwill amortization	49,404	36,062	360
Restructuring and other charges, net	--	87,182	14,444
Operating profit	452,192	259,332	267,744
Interest expense	(58,126)	(53,629)	--
Other income(expense), net	1,587	(6,756)	(4,072)
Earnings before income taxes	395,653	198,947	263,672
Income taxes	184,192	125,940	89,940
NET EARNINGS	$ 211,461	$ 73,007	$ 173,732
Add: Excess of book value over repurchase price of Series A preferred stock	1,568	1,798	
Less: Series A preferred stock dividends	71,422	53,921	
Less: Retroactive recognition of preferred stock dividends	--	18,011	72,044
Net earnings ascribed to common shareholders	$ 141,607	$ 2,873	$ 101,688
Earnings per common share :			
Basic	$ 1.69	$ 0.04	$ 2.54
Diluted	$ 1.68	$ 0.02	$ 2.39

See accompanying Notes to Consolidated Financial Statements

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 1999 and 1998
(In thousands of dollars, except share data)

	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,672	$ 44,986
Notes and accounts receivable, net of allowances for doubtful accounts of $21,396 in 1999 and $17,945 in 1998	470,046	453,124
Inventories	245,934	275,312
Prepaid expenses	9,976	11,316
Deferred income taxes	63,596	59,876
Total current assets	803,224	844,614
Property and equipment, net	1,023,409	1,116,582
Goodwill, less accumulated amortization of $84,699 in 1999 and $36,083 in 1998	1,859,958	1,907,736
Deferred income taxes	8,494	10,758
Other assets	160,148	160,240
Total Assets	$ 3,855,233	$ 4,039,930
LIABILITIES, PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 152,653	$ 68,173
Current portion of long-term debt	6,908	16,958
Accounts payable	175,166	176,594
Other current liabilities	247,367	273,265
Total current liabilities	582,094	534,990
Long-term debt, less current portion	665,116	996,526
Deferred income taxes	214,906	200,699
Other liabilities	80,425	79,577
Total liabilities	1,542,541	1,811,792
Commitments and contingencies (Note 18)		
Authorized 50,000,000 preferred shares. Series A convertible preferred stock, $50.00 per share redemption value, authorized 36,021,851 shares in 1999 and 1998, issued 36,015,645 shares in 1999 and 36,021,851 shares in 1998, including 782,400 shares in 1999 and 200,000 shares in 1998 in treasury, mandatory redemption in 2018	1,761,662	1,791,093
Shareholders' equity:		
Common stock, $.10 par value per share. Authorized 400,000,000 shares; issued 84,135,255 shares in 1999 and 83,806,361 shares in 1998	8,413	8,380
Additional paid-in capital	632,230	610,505
Retained earnings (deficit)	132,073	(7,966)
Accumulated translation adjustment	(171,521)	(124,843)
	601,195	486,076
Less: Deferred compensation	24,511	28,683
Less: Cost of treasury common stock, 535,356 shares in 1999 and 494,550 shares in 1998	23,652	17,234
Less: Minimum pension liability	2,002	3,114
Total shareholders' equity	551,030	437,045
Total Liabilities, Preferred Stock and Shareholders' Equity	$ 3,855,233	$ 4,039,930

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 1999, 1998 and 1997
(In thousands of dollars)

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Deferred Compensation	Treasury Common Stock
Balance at December 31, 1996					
Net earnings					
Net activity with Grace					
Foreign currency translation					
Balance at December 31, 1997					
Net earnings for quarter ended March 31, 1998					
Net activity with Grace					
Reorganization and Recapitalization	$4,065	$(1,530,292)	$ --	$ --	$ --
Issuance of common stock in Merger	4,262	2,106,490	--	(9,649)	--
Effect of contingent stock transactions, net	52	32,073	--	(19,034)	(182)
Shares issued for non-cash compensation	1	436	--	--	--
Purchase of preferred stock	--	1,798	--	--	--
Purchase of common stock	--	--	--	--	(17,052)
FAS 87 pension adjustment	--	--	--	--	--
Foreign currency translation	--	--	--	--	--
Net earnings-April 1 through December 31, 1998	--	--	45,955	--	--
Dividends on preferred stock	--	--	(53,921)	--	--
Balance at December 31, 1998	8,380	610,505	(7,966)	(28,683)	(17,234)
Effect of contingent stock transactions, net	25	12,718	--	4,172	(16)
Shares issued for non-cash compensation	1	5,107	--	--	7,787
Exercise of stock options	6	2,023	--	--	--
Purchase of preferred stock	--	1,568	--	--	--
Conversion of preferred stock	1	309	--	--	--
Purchase of common stock	--	--	--	--	(14,189)
FAS 87 pension adjustment	--	--	--	--	--
Foreign currency translation	--	--	--	--	--
Net earnings	--	--	211,461	--	--
Dividends on preferred stock	--	--	(71,422)	--	--
Balance at December 31, 1999	$8,413	$632,230	$132,073	$(24,511)	$(23,652)

See accompanying Notes to Consolidated Financial Statements.

	Other Comprehensive Income			
	Accumulated Translation Adjustment	Minimum Pension Liability	Pre-Merger Net Assets	Total

Balance at December 31, 1996	$(47,135)		$1,428,925	$1,381,790
Net earnings			173,732	173,732
Net activity with Grace			(119,975)	(119,975)
Foreign currency translation	(82,919)			(82,919)
Balance at December 31, 1997	(130,054)		1,482,682	1,352,628
Net earnings for quarter ended March 31, 1998			27,052	27,052
Net activity with Grace			23,939	23,939
Reorganization and Recapitalization	--	--	(1,533,673)	(3,059,900)
Issuance of common stock in Merger	--	--		2,101,103
Effect of contingent stock transactions, net	--	--		12,909
Shares issued for non-cash compensation	--	--		437
Purchase of preferred stock	--	--		1,798
Purchase of common stock	--	--		(17,052)
FAS 87 pension adjustment	--	(3,114)		(3,114)
Foreign currency translation	5,211	--		5,211
Net earnings-April 1 through December 31, 1998	--	--		45,955
Dividends on preferred stock	--	--		(53,921)
Balance at December 31, 1998	(124,843)	(3,114)		437,045
Effect of contingent stock transactions, net	--	--		16,899
Shares issued for non-cash compensation	--	--		12,895
Exercise of stock options	--	--		2,029
Purchase of preferred stock	--	--		1,568
Conversion of preferred stock	--	--		310
Purchase of common stock	--	--		(14,189)
FAS 87 pension adjustment	--	1,112		1,112
Foreign currency translation	(46,678)	--		(46,678)
Net earnings	--	--		211,461
Dividends on preferred stock	--	--		(71,422)
Balance at December 31, 1999	$(171,521)	$(2,002)		$551,030

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 1999, 1998 and 1997
(In thousands of dollars)

	1999	1998	1997
Cash flows from operating activities:			
Net earnings	$ 211,461	$ 73,007	$ 173,732
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization of property and equipment	146,549	141,457	106,563
Goodwill and other amortization	76,850	54,497	4,517
Amortization of bond discount	169	--	--
Non-cash portion of restructuring and other charges, net	--	44,175	14,444
Deferred tax provisions	19,358	24,022	14,981
Net loss on disposals of property and equipment	149	1,980	2,474
Non-cash compensation	9,934	437	--
Changes in operating assets and liabilities, net of businesses acquired and transfers to/from Grace:			
Notes and accounts receivable	(31,984)	(31,560)	(5,236)
Inventories	21,229	33,110	116
Other current assets	670	(926)	5,028
Other assets	1,772	(15,251)	(18,128)
Accounts payable	1,750	7,685	(23,183)
Income taxes payable	(16,491)	28,302	--
Other current liabilities	(10,299)	45,526	(47,936)
Other liabilities	(763)	5,185	7,942
Net cash provided by operating activities	430,354	411,646	235,314
Cash flows from investing activities:			
Capital expenditures for property and equipment	(75,080)	(82,408)	(101,997)
Proceeds from sales of property and equipment	3,606	1,141	1,882
Businesses acquired in purchase transactions, net of cash acquired	(25,811)	42,951	(15,224)
Net cash used in investing activities	(97,285)	(38,316)	(115,339)
Cash flows from financing activities:			
Net advances to Grace	--	(20,369)	(119,975)
Proceeds from long-term debt	572,831	1,259,221	
Payment of long-term debt	(903,941)	(265,606)	
Payment of senior debt issuance costs	(3,412)	--	
Transfer of funds to New Grace	--	(1,258,807)	
Net proceeds on short-term borrowings	74,848	21,732	
Purchases of treasury common stock	(14,189)	(17,052)	
Purchases of treasury preferred stock	(27,552)	(8,202)	
Dividends paid on preferred stock	(71,616)	(36,010)	
Proceeds from stock option exercises and other	5,848	--	
Net cash used in financing activities	(367,183)	(325,093)	(119,975)
Effect of exchange rate changes on cash and cash equivalents	2,800	(3,251)	--
Cash and cash equivalents:			
Net change during the period	(31,314)	44,986	--
Balance, beginning of period	44,986	--	--
Balance, end of period	$ 13,672	$ 44,986	$ --

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 1999, 1998 and 1997
(In thousands of dollars)

	1999	1998	1997
Net earnings	$ 211,461	$ 73,007	$ 173,732
Other comprehensive income:			
Minimum pension liability, net of an income tax charge in 1999 of $1,020 and an income tax benefit in 1998 of $2,360	1,112	(3,114)	--
Foreign currency translation adjustments	(46,678)	5,211	(82,919)
Comprehensive income	$ 165,895	$ 75,104	$ 90,813

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 BASIS OF PRESENTATION

GENERAL

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

(a) The specialty chemicals business of the Company was separated from its packaging business, after which the packaging business ("Cryovac") was held by one group of wholly owned subsidiaries, and the specialty chemicals business was held by another group of wholly owned subsidiaries ("New Grace"); the Company and Cryovac borrowed approximately $1,260,000 under two revolving credit agreements (the "Credit Agreements") (which, as amended, are discussed below) and transferred substantially all of those funds to New Grace; and the Company distributed all of the outstanding shares of common stock of New Grace to its shareholders. As a result, New Grace became a separate publicly owned corporation that is unrelated to the Company. These transactions are referred to below as the "Reorganization".

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

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

As used in these Notes, the term "Company" means the Company and its subsidiaries after giving effect to the Reorganization, the Recapitalization and the Merger, and the term "Grace" refers to the Company with respect to periods prior to such transactions. The agreements pursuant to which the Reorganization, the Recapitalization and the Merger were carried out are referred to in these Notes as the "Transaction Agreements".

BASIS OF FINANCIAL STATEMENTS

The Merger was accounted for as a purchase of old Sealed Air by the Company as of March 31,1998. Accordingly, the financial statements include the operating results and cash flows as well as the assets and liabilities of Cryovac for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included from March 31, 1998. See Note 19 for unaudited selected pro forma statement of earnings information for the years ended December 31, 1998 and 1997. For periods prior to the Merger, the financial statements exclude all of the assets, liabilities (including contingent liabilities), revenues and expenses of Grace other than the assets, liabilities, revenues and expenses of Cryovac.

For periods prior to the Merger, the financial statements were prepared as special-purpose combined financial statements as provided for in the Transaction Agreements using Grace's historical basis of accounting. Such financial statements include the assets, liabilities, revenues, expenses and related taxes on income of Cryovac previously included in the consolidated financial statements of Grace, and they include certain assets and liabilities of Cryovac that were retained by New Grace in connection with the Reorganization, as contemplated by the Transaction Agreements. In accordance with Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 55, the financial statements for periods prior to March 31, 1998 include certain expenses incurred by Grace on Cryovac's behalf. See Note 17 for a discussion of these corporate allocations.

For periods prior to the Merger, the financial statements do not include an allocation of Grace's debt and related interest expense (except for interest capitalized as a component of Cryovac's property and equipment). Therefore, the financial statements for the periods prior to March 31, 1998 may not necessarily reflect the financial position and results of operations that would have occurred had Cryovac been a stand-alone entity on such dates and for the periods then ended. All transactions between and among subsidiaries and operating units within Cryovac have been eliminated in consolidation.

The financial statements also exclude dividends paid by Grace to its shareholders in periods prior to March 31, 1998, as the obligation to pay such dividends was incurred by Grace and not by Cryovac on a stand-alone basis. See Note 14 for a discussion of Shareholders' Equity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities (including contingent assets and liabilities) at the dates of the financial statements and the reported revenues and expenses during the periods presented. Actual amounts could differ from those estimates.

REVENUE RECOGNITION

Revenue is recognized upon shipment of goods to customers.

CASH AND CASH EQUIVALENTS

Investments with original maturities of three months or less are considered to be cash equivalents. The Company's policy is to invest cash in excess of short-term operating and debt service requirements in such cash equivalents. These instruments are stated at cost, which approximates market because of the short maturity of the instruments.

FINANCIAL INSTRUMENTS

The Company has limited involvement with derivative financial instruments that have off-balance-sheet risk. These financial instruments generally include cross currency swaps, interest rate swaps, caps and collars and foreign exchange forwards and options relating to the Company's borrowing and trade activities. Such financial instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading or speculative purposes. The Company is exposed to credit risk in the event of the inability of the counterparties to perform under their obligations. However, the Company seeks to minimize such risk by entering into transactions with counterparties that are major financial institutions with high credit ratings.

The Company records realized and unrealized gains and losses from foreign exchange hedging instruments (including cross currency swaps, forwards and options) differently depending on whether the instrument qualifies for hedge accounting. Gains and losses on those foreign exchange instruments that qualify as hedges are deferred as part of the cost basis of the asset or liability being hedged and are recognized in the statement of earnings in the same period as the underlying transaction. Realized and unrealized gains and losses on instruments that do not qualify for hedge accounting are recognized currently in the statement of earnings.

The Company records the net payments or receipts from interest rate swaps, caps, collars and the interest rate component of cross currency swaps as adjustments to interest expense on a current basis. If an interest rate hedging instrument were terminated prior to the maturity date, any gain or loss would be amortized into earnings over the shorter of the original term of the derivative instrument and the underlying transaction.

INVENTORIES

Inventories are stated at the lower of cost or market. The cost of most U.S. inventories is determined on a last-in, first-out ("LIFO") basis, while the cost of other inventories is determined on a first-in, first-out ("FIFO") basis.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, except for property and equipment that have been impaired, for which the carrying amount is reduced to estimated fair value. Significant improvements are capitalized; repairs and maintenance costs that do not extend the lives of the assets are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any resulting gain or loss is included when the assets are disposed of.

The cost of property and equipment is depreciated over their estimated useful lives on a straight-line basis as follows: buildings - 20 to 40 years; machinery and other property and equipment - 3 to 20 years.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is amortized on a straight-line basis principally over a 40-year period. Other intangible assets are included in other assets at cost and consist primarily of patents, licenses, trademarks and non-compete agreements. They are amortized over the shorter of their legal lives or their estimated useful lives on a straight-line basis, generally ranging from 3 to 20 years. Identifiable intangibles individually and in the aggregate comprise less than 5% of the Company's consolidated assets.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically reviews the carrying value of its long-lived assets including property and equipment, goodwill and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Impairments are recognized when the expected future undiscounted cash flows derived from such assets are less than their carrying value. For such cases, losses are recognized for the difference between the fair value and the carrying amount. The Company considers various valuation factors, principally discounted cash flows, to assess the fair values of long-lived assets. Assets to be disposed of by sale or abandonment, and where management has the current ability to remove such assets from operations, are recorded at the lower of carrying amount or fair value less cost of disposition. Depreciation for these assets is suspended during the disposal period, which is generally less than one year.

STOCK-BASED COMPENSATION

The Company has adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by SFAS No. 123, the Company continues to follow the measurement provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

In non-U.S. locations that are not considered highly inflationary, the balance sheets are translated at the end of period exchange rates, and statements of earnings are translated at the average exchange rates during the applicable period with translation adjustments accumulated in shareholders' equity. Assets and liabilities of the Company's operations in countries with highly inflationary economies are translated at the end of period exchange rates, except that certain financial statement amounts are translated at historical exchange rates. Items included in statements of earnings of the Company's operations in countries with highly inflationary economies are translated at average rates of exchange prevailing during the period, except that certain financial statement amounts are translated at historical exchange rates.

INCOME TAXES

The Company and its domestic subsidiaries file a consolidated U.S. federal income tax return. The Company's non-U.S. subsidiaries file income tax returns in their respective local jurisdictions. During the third quarter of 1998, the Company began providing for income taxes on that portion of its foreign subsidiaries' accumulated earnings that management believes are not reinvested indefinitely in their businesses.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax asset will not be realized. Deferred tax liabilities or assets at the end of each period are determined using the tax rates then in effect.

For periods prior to the Merger, Cryovac's U.S. operations were included in Grace's U.S. federal and state income tax returns. For these periods, Grace's consolidated income tax provision was generally allocated to Cryovac as if Cryovac filed separate income tax returns, and the allocated current provision was settled with Grace on a current basis. Under the terms of the Transaction Agreements, New Grace retained the liability for substantially all tax liabilities of Cryovac attributable to periods ended on and prior to the Merger.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred and amounted to $56,452, $57,524 and $40,675 in 1999, 1998 and 1997, respectively.

EARNINGS PER COMMON SHARE

Earnings per common share information has been calculated in accordance with SFAS No. 128, "Earnings Per Share," and SAB No. 98, "Computation of Earnings Per Share," since Cryovac did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based prior to the Reorganization and the Recapitalization.

ENVIRONMENTAL EXPENDITURES

Except as described in Note 18 with respect to the Reorganization, environmental expenditures that relate to ongoing business activities are expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future net sales, are expensed. Liabilities are recorded when the Company determines that environmental assessments or remediations are probable and that the cost or a range of costs to the Company associated therewith can be reasonably estimated. In connection with the Reorganization, certain environmental liabilities of Cryovac were retained by or assumed by New Grace.

RECLASSIFICATIONS

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

NOTE 3 BUSINESS SEGMENT INFORMATION

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

The Food and Specialty Packaging segment includes flexible materials and related systems (shrink film products, laminated films and specialty packaging systems marketed primarily under the Cryovac-Registered Trademark- trademark for a broad range of perishable foods), and rigid packaging and absorbent pads (absorbent pads used for the packaging of meat, fish and poultry, foam trays for supermarkets and food processors, and rigid plastic containers for dairy and other food products). Net sales of flexible materials and related systems were: 1999 -$1,585,073; 1998 - $1,539,817; and 1997 - $1,497,127. Net sales of rigid packaging and absorbent pads were: 1999 - $176,057; 1998 - $144,263; and 1997 -$91,468. Products in this segment are primarily sold to food processors, distributors and food service businesses.

The Protective Packaging segment includes cushioning and surface protection products (including air cellular cushioning materials, films for non-food applications, polyurethane foam packaging systems sold under the Instapak-Registered Trademark- trademark, polyethylene foam sheets and planks, a comprehensive line of protective and durable mailers and bags, certain paper-based protective packaging materials, suspension and retention packaging, and packaging systems) and other products (principally specialty adhesive products). Net sales of cushioning and surface protection products were: 1999 - $1,043,071; 1998 - $794,593; and 1997 - $244,516. Net sales of other products for 1999 and 1998 were approximately 1% of consolidated net sales. Cryovac did not have net sales of other products in 1997. Products in this segment are primarily sold to distributors and manufacturers.

Subsequent to the Merger, Cryovac's film products for non-food applications were integrated into the Protective Packaging segment. The restatement of 1997 operating results to reflect this realignment is not practicable (except to identify the amount of net sales for 1997 provided above) as, prior to the Merger, Cryovac conducted its operations as one business segment, and comparable discrete financial information for 1997 is not available.

	1999	1998
Net sales		
Food and Specialty Packaging	$ 1,761,130	$ 1,684,080
Protective Packaging	1,078,506	822,676
Total segments	$ 2,839,636	$ 2,506,756
Operating profit		
Food and Specialty Packaging	$ 289,757	$ 238,613
Protective Packaging	234,659	155,446
Total segments	524,416	394,059
Restructuring and other charges, net (1)	--	(87,182)
Corporate operating expenses (including goodwill amortization of $49,404 and $36,062 in 1999 and 1998, respectively)	(72,224)	(47,545)
Total	$ 452,192	$ 259,332
Depreciation and amortization		
Food and Specialty Packaging	$ 112,960	$ 113,258
Protective Packaging	59,351	45,834
Total segments	172,311	159,092
Corporate (including goodwill and other amortization)	51,088	36,862
Total	$ 223,399	$ 195,954

(1) Restructuring and other charges, net in 1998 were $73,172 for Food and Specialty Packaging (including a net non-cash charge of $46,021) and $14,010 for Protective Packaging (including a net non-cash credit of $1,846).

	1999	1998
Capital expenditures		
Food and Specialty Packaging	$ 51,307	$ 48,497
Protective Packaging	23,773	31,487
Total segments	75,080	79,984
Corporate	--	2,424
Total	$ 75,080	$ 82,408
Assets (2)		
Food and Specialty Packaging	$ 1,291,959	$ 1,440,091
Protective Packaging	688,627	644,539
Total segments	1,980,586	2,084,630
Corporate (including goodwill, net of $1,859,958 and $1,907,736 in 1999 and 1998, respectively)	1,874,647	1,955,300
Total	$ 3,855,233	$ 4,039,930

(2) Plant and equipment facilities and other resources of the Food and Specialty Packaging segment are used to manufacture films (non-food applications) for the Protective Packaging segment. A proportionate share of depreciation and other costs of manufacturing are allocated to the Protective Packaging segment.

GEOGRAPHIC INFORMATION

	1999	1998	1997
Net sales: (3)			
North America	$1,617,762	$1,404,779	$ 953,281
Europe	752,486	692,375	526,829
Latin America	185,418	173,750	152,047
Asia Pacific	283,970	235,852	200,954
Total	$2,839,636	$2,506,756	$1,833,111
	1999	1998	1997
Total long-lived assets: (3)			
North America (4)	$2,569,071	$2,716,288	$ 694,136
Europe	281,951	285,834	224,742
Latin America	58,638	59,292	66,180
Asia Pacific	133,855	123,144	134,415
Total	$3,043,515	$3,184,558	$1,119,473

(3) Net sales attributed to the geographic areas represent trade sales to external customers. Net sales in North America represent primarily net sales in the United States. No non-U.S. country has net sales in excess of 10% of consolidated net sales or long-lived assets in excess of 10% of consolidated long-lived assets.

(4) Includes goodwill, net, of $1,859,958 and $1,907,736 in 1999 and 1998, respectively.

NOTE 4 ACQUISITIONS

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

In connection with the Merger in 1998, the Company issued 42,624,246 shares of common stock at a value of $49.52 per share and incurred costs of approximately $30,000 for a purchase price of $2,141,000 in exchange for the net assets of old Sealed Air. The fair value of such net assets included approximately $181,000 of property and equipment, approximately $95,800 of working capital (including cash of $51,259), and other long-term net liabilities of approximately $71,500 resulting in principally goodwill of approximately $1,935,700 which is being amortized over a 40-year period.

During 1998, the Company made certain other small acquisitions. These transactions, which were effected in exchange for cash, were accounted for as purchases and were not material to the Company's consolidated financial statements.

In 1997, Cryovac purchased all the shares of Schurpack, Inc., a U.S. manufacturer of flexible food packaging, for net cash consideration of $12,137. This transaction was accounted for as a purchase and resulted in goodwill of $5,087.

NOTE 5 INVENTORIES

	December 31,	
	1999	1998
Inventories (at FIFO, which approximates current cost):		
Raw materials	$ 60,596	$ 63,805
Work in process	43,021	50,714
Finished goods	157,341	176,965
	260,958	291,484
Reduction of certain inventories to LIFO basis	(15,024)	(16,172)
Total	$ 245,934	$ 275,312

Inventories accounted for on a LIFO basis represented approximately 46% and 47% of total inventories at December 31, 1999 and 1998, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

	December 31,	
	1999	1998
Land and improvements	$ 29,744	$ 28,569
Buildings	396,716	392,020
Machinery and equipment	1,364,454	1,349,716
Other property and equipment	115,111	121,252
Construction-in-progress	40,106	54,538
	1,946,131	1,946,095
Accumulated depreciation and amortization	(922,722)	(829,513)
Property and equipment, net	$ 1,023,409	$ 1,116,582

Interest cost capitalized during 1999, 1998 and 1997 was $3,000, $4,994 and $12,775, respectively.

NOTE 7 OTHER LIABILITIES

	December 31,	
	1999	1998
Other current liabilities:		
Accrued salaries, wages and related costs	$105,811	$ 98,769
Accrued restructuring costs (Note 9)	5,420	28,355
Accrued operating expenses	76,759	80,152
Accrued dividends and interest	28,497	23,056
Income taxes payable	30,880	42,933
Total	$247,367	$273,265

	December 31,	
	1999	1998
Other liabilities:		
Other postretirement benefits	$ 4,309	$ 4,916
Non-U.S. statutory social security and pension obligations	31,625	28,888
Other various liabilities	44,491	45,773
Total	$80,425	$79,577

Non-U.S. statutory social security and pension obligations primarily represent the present value of the Company's unfunded future obligations for certain eligible, active non-U.S. employees based on actuarial calculations.

NOTE 8 INCOME TAXES

The components of earnings before income taxes were as follows:

	1999	1998	1997
Domestic	$233,493	$132,448	$105,694
Foreign	162,160	66,499	157,978
Total	$395,653	$198,947	$263,672

The components of the provision for income taxes were as follows:

	1999	1998	1997
Current tax expense:			
Federal	$ 77,391	$ 54,249	$26,905
State and local	20,455	11,830	5,233
Foreign	66,988	35,839	42,821
Total current	164,834	101,918	74,959
Deferred tax expense:			
Federal	10,371	1,315	6,465
State and local	2,593	283	1,055
Foreign	6,394	22,424	7,461
Total deferred	19,358	24,022	14,981
Total provision	$184,192	$125,940	$89,940

Deferred tax assets (liabilities) consist of the following:

	December 31,	
	1999	1998
Accruals not yet deductible for tax purposes	$ 26,077	$ 28,431
Research and development	12,401	21,027
Postretirement benefits other than pensions	1,732	1,944
Employee benefit items	20,516	11,864
Inventories	17,617	23,777
Foreign net operating loss carryforwards and investment tax allowances	24,946	26,490
Other	7,792	6,200
Gross deferred tax assets	111,081	119,733
Valuation allowance	(15,412)	(16,281)
Total deferred tax assets	95,669	103,452
Depreciation and amortization	(122,032)	(128,802)
Intangibles	(34,055)	(31,698)
Unremitted foreign earnings	(35,750)	(32,204)
Pension	(21,216)	(18,545)
Capitalized interest	(14,487)	(12,533)
Other	(10,945)	(9,824)
Total deferred tax liabilities	(238,485)	(233,606)
Net deferred tax liabilities	$(142,816)	$(130,154)

The U.S. federal statutory corporate tax rate reconciles to the Company's effective tax rate as follows:

	1999	1998	1997
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.8	4.0	1.5
U.S. and foreign taxes on unremitted earnings	.9	14.1	--
Foreign taxes on foreign operations in excess of U.S. tax rates	1.8	2.6	(2.6)
Non-deductible expenses, primarily goodwill amortization	5.1	7.6	0.2
Effective tax rate	46.6%	63.3%	34.1%

The Company has concluded that it is more likely than not that the balance of deferred tax assets, net of the valuation allowance, of $95,669 at December 31, 1999 will be realized based upon anticipated future results. The balance of the valuation allowance of $15,412 at December 31, 1999 is due to the uncertainty of the realization of certain foreign deferred tax assets, primarily relating to foreign investment tax allowances that arose during 1996.

During the third quarter of 1998, the Company began providing for income taxes on that portion of foreign subsidiaries' accumulated earnings that management believes are not reinvested indefinitely in their businesses. Such provision resulted in an income tax charge of $26,000 in respect of such accumulated earnings. Previously, the Company and Grace treated the accumulated earnings of the Company's foreign subsidiaries as reinvested indefinitely in their businesses, and therefore no income taxes were provided in the financial statements with respect to future repatriation of such accumulated earnings.

As part of the Transaction Agreements, the Company entered into a Tax-Sharing Agreement with New Grace. This Tax-Sharing Agreement provides, among other things, that tax liabilities of Cryovac attributable to periods ended on and prior to the Merger will be substantially the responsibility of New Grace. The Tax-Sharing Agreement also restricts the Company and New Grace from engaging in certain transactions prior to March 31, 2000.

At December 31, 1999, there were $44,517 of foreign net operating loss carryforwards ($14,870 tax effected) and $33,587 of investment tax allowances ($10,076 tax effected), the majority of which originated prior to the Merger, and have no expiration period. In accordance with the Tax-Sharing Agreement, New Grace is entitled to receive the tax benefit of such carryforwards and allowances, as they are realized by the Company.

NOTE 9 RESTRUCTURING COSTS AND OTHER CHARGES, NET

1998 RESTRUCTURING PROGRAM

After the Merger, the Company conducted a review of its operations in order to develop a combined operating plan for old Sealed Air and Cryovac. The review considered organization and business structures and methods, the nature and extent of manufacturing and business operations in each region of the world, including assets and resources deployed, and current business and economic trends. As a result of such review, during the third quarter of 1998, the Company announced and began implementation of a restructuring program. Charges to operations arising out of this program amounted to $111,074 and included $39,848 of employee termination costs, for approximately 750 positions or approximately 5% of its workforce across all functional areas, $3,441 of exit costs and $67,785 of asset impairments related to long-lived assets either held for use or held for disposition. The portion of the 1998 restructuring and asset impairment charge applicable to the Company's food and specialty packaging segment amounted to $97,064 and the portion applicable to the protective packaging segment amounted to $14,010. The asset impairment amount of $67,785 includes write-downs or write-offs of $47,083 for property, plant and equipment, $13,008 for goodwill, and $7,694 for certain other long-lived intangible assets. The $67,785 asset impairment charge includes $20,021 of long-lived assets, primarily machinery and equipment, that have been disposed and the remaining amount of $47,764 are long-lived assets held for use. The Company expects to incur approximately $43,289 of cash outlays to carry out this restructuring program, of which approximately $38,293 was paid through December 31, 1999. These cash outlays include primarily severance and other personnel related costs, costs of terminating leases and facilities and equipment disposition costs. As of December 31, 1999, all restructuring actions were substantially completed including the elimination of 744 positions, and the remaining reserves of $4,996 are related principally to outstanding employee serverances and lease termination costs that are expected to be completed during 2000 and to a limited extent in later years.

The components of the 1998 restructuring charges, as well as the spending and other activity during 1999 and 1998, and the remaining reserve balance at December 31, 1999 were as follows:

	Employee Termination Costs	Plant/ Office Closures	Contract Termination Costs	Total
Restructuring provision recorded in 1998	$ 39,848	$ 2,291	$ 1,150	$ 43,289
Payments during 1998	(14,486)	(729)	(1,150)	(16,365)
Restructuring reserve at December 31, 1998	25,362	1,562	--	26,924
Payments during 1999	(21,392)	(536)	--	(21,928)
Restructuring reserve at December 31, 1999	$ 3,970	$ 1,026	$ --	$ 4,996

Restructuring and other charges, net, in the accompanying 1998 consolidated statement of earnings include the effect of a special credit to operations amounting to $23,610 relating to the curtailment of certain postretirement benefits. See Note 11.

PRE-MERGER RESTRUCTURING PROGRAM

Grace began to implement a worldwide program in 1995 focused on streamlining processes and reducing general and administrative expenses and factory administration costs. In connection with this program, Grace recorded a restructuring charge of $3,616 in 1997. This charge primarily related to headcount reductions in Cryovac and the restructuring of Cryovac's European operations in areas such as working capital management, manufacturing and sales.

The following table presents the rollforward of the liabilities for the pre-Merger restructuring from December 31, 1996 to December 31, 1999:

	Employee Termination Costs	Plant/ Office Closures	Other Costs	Total
Restructuring reserve at December 31, 1996	$ 33,031	$ 5,206	$ 684	$ 38,921
Restructuring provisions recorded in 1997	3,200	--	416	3,616
Payments during 1997	(26,074)	(2,420)	(1,100)	(29,594)
Restructuring reserve at December 31, 1997	10,157	2,786	--	12,943
Payments during 1998	(3,516)	--	--	(3,516)
Liability retained by New Grace at March 31, 1998	(5,015)	(2,699)	--	(7,714)
Reversal of restructuring	(282)	--	--	(282)
Restructuring reserve at December 31, 1998	1,344	87	--	1,431
Payments during 1999	(951)	(56)	--	(1,007)
Restructuring reserve at December 31, 1999	$ 393	$ 31	$ --	$ 424

Employee termination costs for this pre-Merger restructuring program at December 31, 1999 primarily represented severance pay and other benefits (including benefits under long-term incentive programs paid over time) associated with the elimination of approximately 400 Cryovac positions worldwide. As of December 31, 1999, all of these positions had been eliminated. The remaining reserves at December 31, 1999 are related to outstanding employee separation costs which are expected to be completed during 2000.

In connection with the Reorganization and the Merger, certain obligations related to Grace's restructuring program were retained by New Grace. As of March 31, 1998, the Company's liability with respect to such obligations, amounting to approximately $7,714 together with related deferred income taxes,was reversed and accounted for as an equity contribution to the Company from Grace.

During 1997, Grace determined that, due to certain market demand shifts and manufacturing capacity strategies, certain property and equipment were impaired. As a result, in 1997, Grace recorded non-cash pre-tax charges of approximately $10,828.

NOTE 10 EMPLOYEE BENEFITS AND INCENTIVE PROGRAMS

PROFIT-SHARING AND RETIREMENT SAVINGS PLANS

The Company has a non-contributory profit-sharing plan covering most of the Company's U.S. employees. Contributions to this plan, which are made at the discretion of the Board of Directors, may be made in cash, shares of the Company's common stock, or in a combination of cash and shares of the Company's common stock. The Company also maintains contributory thrift and retirement savings plans in which most U.S. employees of the Company are eligible to participate. These plans, certain of which were offered by old Sealed Air to certain of its U.S. employees prior to the Merger, were adopted by the Company subsequent to the Merger. The contributory thrift and retirement savings plans generally provide for Company contributions based upon the amount contributed to the plans by the participants. Company contributions to or provisions for its profit-sharing and retirement savings plans are charged to operations and amounted to $31,852 and $22,919 in 1999 and 1998, respectively. Included in non-cash compensation in 1999 is $8,823 related to the shares of common stock issued for a portion of the Company's contribution to its profit-sharing plan.

PENSION PLANS

Substantially all of the U.S. and non-U.S. employees who were employed by Cryovac at the time of the Merger were covered by contributory or non-contributory defined benefit plans sponsored by Grace. Benefits were generally based on final average salary and years of service. Grace had funded its pension plans in accordance with local laws and regulations. Plan assets consisted primarily of publicly traded common stocks, fixed income securities and cash equivalents.

Upon the Merger, the participation of most of the Company's U.S. employees in defined benefit plans formerly sponsored by Grace ceased. The pension obligations relating to Grace's principal U.S. pension plan (the "Grace Salaried Plan") were retained by New Grace. As of March 31, 1998, the pension liability with respect to the Grace Salaried Plan, including related deferred income taxes, was reversed and accounted for as an equity contribution to the Company from Grace.

Separate calculations of Cryovac's net pension cost and funded status within Grace's U.S. pension plans were performed for prior years. Cryovac's total pension expense for U.S. plans consisted of the following components:

	Quarter Ended March 31, 1998	Year Ended December 31, 1997
Service cost on benefits earned during the year	$1,520	$5,800
Interest cost on benefits earned in prior years	3,251	12,700
Actual return on plan assets	(3,587)	(13,900)
Deferred gain on plan assets	273	--
Amortization of net gain and prior service costs	(365)	(900)
Net pension cost	$1,092	$3,700

The following significant assumptions were used in calculating the pension cost presented above:

	1997
Discount rate at December 31	7.3%
Expected long-term rate of return	9.0%
Rate of compensation increase	4.5%

The Company maintains pension plans for certain U.S. employees, including certain employees who are covered by collective bargaining agreements. Subsequent to the Merger, the Company established a pension plan for U.S. employees who were employees of Cryovac at the time of the Merger and who participated in the Grace Salaried Plan. The new plan is intended to provide restorative benefits to the extent required, if any, should the Company's assumed profit-sharing plan benefits be insufficient to provide retiree benefits at least equivalent in amount to the Grace Salaried Plan. Pension cost for all U.S. pension plans charged to operations during 1999, and for the 1998 period subsequent to the Merger amounted to $1,088 and $803, respectively. The balance sheet as of December 31, 1999 and December 31, 1998 includes the following related to such plans: an intangible asset of $1,610 and $3,613, respectively; accumulated other comprehensive income of $572 and $2,922, respectively; and an accrued benefit liability of $599 and $2,613, respectively. As of December 31, 1999, the balance sheet also includes a prepaid pension asset of $1,964 related to such plans. The aggregate benefit obligation at December 31, 1999 and 1998 amounted to $15,369 and $16,700, respectively, while the fair value of plan assets at such date amounted to $14,170 and $12,400, respectively.

In connection with the Reorganization and the Merger, the Company either assumed or established pension plans for certain of its non-U.S. Cryovac employees. Pension assets acquired by the Company from Grace with respect to these plans were recorded in the accounts with a corresponding credit to shareholders' equity, net of related deferred income taxes.

Historically, Grace did not calculate net pension cost and funded status separately for Cryovac within its non-U.S. plans. The Cryovac employees historically comprised approximately 66% of the total active participants in Grace's non-U.S. plans. Net pension cost for these plans was allocated annually to Cryovac by Grace. Total pension (income) cost allocated to Cryovac in connection with these plans was $(242) for the first quarter of 1998 and $800 for 1997. Prior to the Merger, no portion of Grace's non-U.S. pension assets or liabilities was allocated to Cryovac, on the basis that Cryovac's non-U.S. employees were considered to have participated in a multi-employer pension plan as defined in SFAS No. 87, "Employer's Accounting for Pensions."

The following tables set forth the components of net pension cost of the non-U.S. Grace-sponsored pension plans for all Grace businesses:

	Quarter Ended March 31, 1998	Year Ended December 31, 1997
Service cost on benefits earned during the year	$2,799	$10,000
Interest cost on benefits earned in prior years	4,744	19,400
Actual return on plan assets	(8,017)	(51,100)
Deferred (loss) gain on plan assets	(221)	20,400
Amortization of net gain (loss) and prior service costs	108	(500)
Net curtailment and settlement loss	125	3,700
Net pension (gain) cost	$ (462)	$ 1,900

The following presents the Company's funded status and pension expense for 1999 and from April 1, 1998 to December 31, 1998 under SFAS No. 132 for its non-U.S. pension plans:

Change in benefit obligation:	1999	1998
Benefit obligation at beginning of period	$128,581	$ --
Benefit obligation at April 1, 1998	--	119,890
Service cost	6,984	4,165
Interest cost	7,116	5,819
Actuarial loss	2,659	1,172
Benefits paid	(8,899)	(3,833)
Employee contributions	1,282	954
Foreign exchange impact	(4,517)	414
Benefit obligation at end of period	$133,206	$128,581
Change in plan assets:		
Fair value of plan assets at beginning of period	$145,601	$ --
Fair value of plan assets at April 1, 1998	--	151,019
Actual return on plan assets	19,712	402
Employer contributions	2,438	2,151
Benefits paid	(8,899)	(3,833)
Employee contributions	1,282	954
Foreign exchange impact	434	(5,092)
Fair value of plan assets at end of period	$160,568	$145,601

Funded status:

Plan assets in excess of benefit obligation	$ 27,362	$ 17,020
Unrecognized net asset	(212)	(678)
Unrecognized net prior service cost	706	779
Unrecognized net actuarial loss	9,125	17,993
Prepaid pension cost at end of period	$ 36,981	$ 35,114

Amount recognized in the consolidated balance sheet consists of:

Prepaid benefit cost	$ 57,364	$ 55,242
Accrued benefit liability	(23,646)	(23,410)
Intangible asset	493	730
Accumulated other comprehensive income	2,770	2,552
Net amount recognized	$ 36,981	$ 35,114

Components of net periodic benefit cost:	Year ended December 31, 1999	For period April 1, 1998 to December 31, 1998
Service cost	$ 6,984	$ 4,165
Interest cost	7,116	5,819
Expected return on plan assets	(12,169)	(9,766)
Amortization of asset	(487)	(375)
Amortization of prior service cost	106	79
Amortization of net loss	1,096	234
Net periodic pension cost	$ 2,646	$ 156

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $31,120, $25,428 and $4,920 as of December 31, 1999, respectively, and $35,566, $28,169 and $5,031 as of December 31, 1998, respectively.

The following significant assumptions (weighted averages for 1999 and 1998) were used in calculating the pension cost and funded status presented above:

	1999	1998	1997
Discount rate at December 31	5.7%	6.3%	2.3 - 7.5%
Expected long-term rate of return	8.6%	8.9%	6.0 - 10.5%
Rate of compensation increase	3.7%	4.0%	2.0 - 5.0%

LONG-TERM INCENTIVE PROGRAM

Grace maintained a Long-Term Incentive Program ("LTIP") in which certain Cryovac employees were eligible to participate prior to the Reorganization and the Merger. In conjunction with the Reorganization and the Merger, the eligible Cryovac employees ceased to participate in the LTIP, and LTIP liabilities related to Cryovac employees were assumed by New Grace. As of March 31, 1998, the Company's liability with respect to LTIP obligations retained by New Grace, including related deferred income taxes, was reversed and accounted for as an equity contribution to the Company from Grace. LTIP expense related to Cryovac employees was $5,900 for 1997.

NOTE 11 OTHER POSTRETIREMENT BENEFIT PLANS

Prior to the Merger, Grace maintained postretirement healthcare and life insurance benefit plans for its U.S. employees. SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions", which requires the accrual method of accounting for the future costs of postretirement health care and life insurance benefits over the employees' years of service, was applied to determine the cost of the benefits. Grace paid the cost of post-retirement benefits as they were incurred.

Subsequent to the Merger, the Company changed the eligibility provisions of the former Grace postretirement healthcare plan. The changes had the effect of curtailing benefits for substantially all future retirees other than those for whom New Grace retained responsibility. In addition, the plan was amended to increase the amount of future retirees' contributions, thereby further reducing the Company's postretirement benefit costs. During the fourth quarter of 1998, the liability eliminated and credited to operations amounted to $23,610. At December 31, 1999 and December 31,1998, the accrued benefit liability amounted to $4,309 and $4,916, respectively. For the year ended December 31, 1999, there was a net postretirement credit to operations of $607. For the nine months ended December 31, 1998, there was a net postretirement credit of $469. These net periodic postretirement credits, together with other remaining postretirement healthcare plan disclosures under SFAS No. 132, are not material to the consolidated financial statements.

Under the terms of the Transaction Agreements, New Grace retained the postretirement benefit obligations related to all Cryovac employees who had retired prior to the Merger and to active Cryovac employees who were eligible to receive postretirement benefits should they have met the age and service requirements to retire at any time on or before March 31, 1999. As of March 31, 1998, the liability retained by New Grace ($30.9 million) was reversed and accounted for as an equity contribution to the Company from Grace, net of related deferred income taxes.

Net periodic postretirement benefit cost consisted of the following components:

	Quarter Ended March 31, 1998	December 31, 1997
Service cost	$ 200	$ 800
Interest cost on accumulated benefit obligation	1,000	3,600
Amortization of prior service credit	(400)	(1,500)
Net postretirement benefit cost	$ 800	$ 2,900

NOTE 12 DEBT

A summary of long-term debt at December 31, 1999 and 1998 follows:

	December 31, 1999	1998
Credit Agreement due March 2003	$160,978	$990,000
5.625% Euro Notes due July 2006, less discount of $1,317 in 1999	200,858	--
6.95% Senior Notes due May 2009, less discount of $2,071 in 1999	297,929	--
Other	12,259	23,484
Total	672,024	1,013,484
Less current installments	(6,908)	(16,958)
Long-term debt, less current installments	$665,116	$996,526

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 (included in long-term debt) and a 364-day revolving credit facility that expires on March 27, 2000 (included in short-term borrowings). During 1999, the Company voluntarily reduced the amounts available under the Credit Agreements to $1,125,000 in the aggregate. As of December 31, 1999 and 1998, outstanding borrowings were $160,978 and $990,000, respectively, under the 5-year revolving credit facility and $38,342 and $19,933, respectively, under the 364-day revolving credit facility. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs, including acquisitions and capital expenditures. Amounts repaid under the Credit Agreements may be reborrowed from time to time. As of December 31, 1999, facility fees were payable on the total amounts available under the Credit Agreements and amounted to 0.095% and 0.100% per annum under the 5-year revolving credit facility and the 364-day revolving credit facility, respectively.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 6.0% and 5.8% at December 31, 1999 and 1998, respectively. The Company had certain interest rate and currency swaps outstanding at December 31, 1999, and had certain interest rate swap agreements outstanding at December 31, 1998 related to its obligations under the Credit Agreements. These agreements had the effect of fixing or adjusting the interest rates on a portion of such debt. The weighted average interest rates at December 31, 1999 and 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings, and impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, mergers and acquisitions, and certain dispositions of property and assets. The Company was in compliance with these requirements as of December 31, 1999.

During 1999, the Company issued euro 200,000 (approximately $205,000, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes (the "Euro Notes") and $300,000 aggregate principal amount of 10-year 6.95% senior notes (the "Senior Notes"). The net proceeds of these note issuances of approximately $500,491 in the aggregate were used to refinance outstanding borrowings under the Credit Agreements. Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing July 19, 2000, and accrued interest on the Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, which payments commenced on November 15, 1999. The yields to maturity at the date of issuance for the Euro Notes and Senior Notes were approximately 5.75% and 7.05%, respectively.

The Senior Notes and Euro Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, merger or consolidation of the Company and disposition of substantially all of the Company's assets. The Senior Notes also include restrictions on sale-leaseback transactions. The Company was in compliance with these requirements as of December 31, 1999.

Debt at December 31, 1999 and 1998 also included $114,311 and $48,240, respectively, of short-term borrowings by certain of the Company's non-U.S. subsidiaries under local lines of credit and $12,259 and $23,484, respectively, of long-term debt incurred by certain of the Company's U.S. and non-U.S. subsidiaries.

The Company had available lines of credit under the Credit Agreements and other credit facilities of approximately $1,300,000 and $1,800,000 at December 31, 1999 and 1998, respectively, of which approximately $1,100,000 and $700,000 were unused at December 31, 1999 and 1998, respectively. The Company is not subject to any material compensating balance requirements in connection with its lines of credit.

Scheduled annual maturities of long-term debt, exclusive of debt discounts, for the five years subsequent to December 31, 1999 are as follows: 2000 - $6,908; 2001 - $1,419; 2002 - $1,142; 2003 - $161,998; 2004 - $809 and thereafter - $503,136.

NOTE 13 FINANCIAL INSTRUMENTS

The Company is required by generally accepted accounting principles to disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its consolidated financial statements and derivative financial instruments. The fair value of the Company's Senior Notes, Euro Notes and Series A convertible preferred stock are based on quoted market prices. The fair value estimates of the Company's various other debt instruments were derived 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. Such estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the Company's estimates.

All financial instruments inherently expose the holders to market risk, including changes in currency and interest rates. The Company manages its exposure to these market risks through its regular operating and financing activities and when appropriate, through the use of derivative financial instruments.

The carrying amounts of current assets and liabilities approximate fair value due to their short-term maturities. The carrying amounts and estimated fair values of the Company's material financial instruments at December 31, 1999 and 1998 were as follows:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Foreign exchange forward contracts	$ --	$ --	$ --	$ 415
Financial liabilities:				
Debt:				
Credit Agreements	199,320	199,320	1,009,933	1,009,933
Derivatives	--	(85)	--	3,373
Credit Agreements, net	199,320	199,235	1,009,933	1,013,306
Senior Notes	297,929	273,263	--	--
Derivatives	--	857	--	--
Senior Notes, net	297,929	274,120	--	--
Euro Notes	200,858	188,545	--	--
Derivatives	--	(20)	--	--
Euro Notes, net	200,858	188,525	--	--
Other foreign loans	123,462	123,853	68,375	68,961
Derivatives	--	423	--	1,658
Foreign loans, net	123,462	124,276	68,375	70,619
Other loans	3,108	2,609	3,349	3,498
Total debt	$ 824,677	$ 788,765	$ 1,081,657	$ 1,087,423
Series A convertible preferred stock	$ 1,761,662	$ 1,779,279	$ 1,791,093	$ 1,858,258

The Company uses derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading purposes.

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates. At December 31, 1999, the Company was party to forward-starting interest rate swaps with an aggregate notional amount of approximately $151,000 with various expiration dates through November 2004 compared to interest rate swaps with an aggregate notional amount of approximately $257,000 and various expiration dates through March 2003 at December 31, 1998. The forward-starting interest rate swaps outstanding at December 31, 1999 have the effect of converting a portion of the Company's fixed rate debt to variable rate debt at U.S. denominated rates which ranged from 6.2% to 6.5% and euro denominated rates which ranged from 3.8% to 4.4% at December 31, 1999.

Substantially all of the swaps outstanding at December 31, 1998 fixed the rate of interest paid on the notional amount of certain U.S. dollar denominated long-term debt at rates which ranged from 5.05% to 5.82% at December 31, 1998.

Interest rate collars are used to reduce the Company's exposure to fluctuations in interest rates by limiting fluctuations in the rate of interest the Company pays on a notional amount of debt. At December 31, 1999 and 1998, the Company was party to interest rate collars with an aggregate notional amount of approximately $8,000 with expiration dates through June 2001.

The Company uses interest rate and currency swaps to gain access to additional sources of international financing while limiting foreign exchange exposure and limiting or adjusting interest rate exposure by swapping borrowings in U.S. dollars for borrowings denominated in foreign currencies. At December 31, 1999, the Company was party to interest rate and currency swaps with an aggregate notional amount of approximately $5,000 and various expiration dates through March 2002 compared with an aggregate notional amount of approximately $23,000 and various expiration dates through May 2002 at December 31, 1998.

The Company uses foreign currency forwards to fix the amount payable on transactions denominated in foreign currencies. The Company was not party to any material foreign currency forwards at December 31, 1999. The notional principal amount of foreign currency forwards at December 31, 1998 was approximately $12,800, which expired through March 1999.

The fair values of the Company's various derivative instruments, as advised by the Company's bankers, generally reflect the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date.

Unrealized and realized gains and losses on the Company's financial instruments and derivatives were not material to the consolidated financial statements in 1999, 1998 or 1997.

The Company is exposed to credit losses in the event of the inability of the counterparties to its outstanding derivative contracts to perform their obligations, but it does not expect any counterparties to fail to perform given their high credit ratings and financial strength. The Company believes that its exposure to losses in conjunction with its derivative contracts would not be material in the case of non-performance on the part of the counterparties to such agreements.

NOTE 14 SHAREHOLDERS' EQUITY

The Company's shareholders' equity increased to $551,030 at December 31, 1999 from $437,045 at December 31, 1998, primarily as a result of the increase in net earnings in 1999, which was partially offset by the payment of preferred stock dividends and additional foreign currency translation adjustments.

In connection with the Reorganization and the Merger, certain assets and liabilities of Cryovac were retained by New Grace as contemplated by the Transaction Agreements. Accordingly, as of March 31, 1998, these assets and liabilities were accounted for as an equity contribution to the Company from Grace, net of related deferred income taxes. Certain other assets and liabilities related to non-U.S. pension plans, deferred income tax liabilities and other items arising directly from the Reorganization have been accounted for as a contribution to, or distribution from, Cryovac. The following is a summary of the net activity affecting the Company's equity in connection with the Reorganization during 1998:

Assets transferred to the Company	$ 81,905
Liabilities retained by New Grace	51,671
Liabilities transferred to the Company	(24,926)
Tax adjustment, including deferred taxes	(64,342)
Net advances to Grace	(20,369)
	$ 23,939

The tax adjustment includes the transfer of deferred income tax balances to the Company relating to the underlying assets and liabilities transferred to the Company, the elimination of certain deferred income tax assets which represent pre-Merger accumulated net operating loss benefits not available to the Company, and certain adjustments relating to the Tax-Sharing Agreement with New Grace.

COMMON STOCK

In connection with the Recapitalization, the Company, among other things, recapitalized the outstanding shares of Grace

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

The following is a summary of changes during 1999 and 1998 in shares of common stock:

	1999	1998
Changes in common stock:		
Number of shares, beginning of year	83,806,361	--
Issued in Recapitalization	--	40,647,815
Issued in Merger	--	42,624,246
Shares issued for contingent stock	246,300	522,300
Non-cash compensation	13,000	12,000
Conversion of preferred stock	5,483	--
Exercise of stock options	64,111	--
Number of shares issued, end of year	84,135,255	83,806,361
Changes in common stock in treasury:		
Number of shares held, beginning of year	494,550	--
Contingent stock forfeited	15,400	3,550
Purchase of shares during period	251,000	491,000
Non-cash compensation	(50,000)	--
Profit sharing contribution	(175,594)	--
Number of shares held, end of year	535,356	494,550

CONTINGENT STOCK PLAN AND DIRECTORS STOCK PLAN

The Company's contingent stock plan was adopted following the Merger and provides for the granting to employees of awards to purchase common stock (during the succeeding 60-day period) for less than 100% of fair market value at the date of award. Shares issued under the contingent stock plan ("contingent stock") are restricted as to disposition by the holders for a period of at least three years after award. In the event of termination of employment prior to lapse of the restriction, the shares are subject to an option to repurchase by the Company at the price at which the shares were issued. Such restriction lapses prior to the expiration of the vesting period if certain events occur that affect the existence or control of the Company. The aggregate fair value of contingent stock issued is credited to common stock and additional paid-in capital accounts, and the unamortized portion of the compensation is deducted from shareholders' equity. The excess of fair value over the award price of contingent stock is charged to operations as compensation over a three-year period. Such charges amounted to $15,679 and $10,732 in 1999 and 1998, respectively. Shares issued under the old Sealed Air contingent stock plan that were forfeited amounted to (1,000) shares and 2,800 shares in 1999 and 1998, respectively.

Non-cash compensation includes shares issued to non-employee directors in the form of awards under the Company's restricted stock plan for non-employee directors (the "Directors Stock Plan"). The Directors Stock Plan was adopted following the Merger and provides for annual grants of shares to non-employee directors, and interim grants of shares to eligible directors elected at other than an annual meeting, at an amount less than 100% of fair value at date of grant, in lieu of cash payments for certain directors' fees. Shares issued under this plan are restricted as to disposition by the holders as long as such holders remain directors of the Company. The excess of fair value over the price at which shares are issued under this plan is charged to operations at the date of such grant. Such charges amounted to $842 and $437 in 1999 and 1998, respectively. Also included in non-cash compensation in 1999 is $269 of amortization expense related to the issuance of 50,000 shares of the Company's common stock in exchange for certain non-employee consulting services. Such shares vest ratably over a five-year period.

The Company has adopted only the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," but applies APB No. 25 and related interpretations in accounting for these plans.

The compensation cost that has been charged against income for such plans was noted above. Since such compensation cost is consistent with the compensation cost that would have been recognized for such plans under the provisions of SFAS No. 123, the pro forma disclosure requirements under such statement are not applicable for these plans.

A summary of the changes in shares available for the Contingent Stock Plan and the Directors Stock Plan follows:

	1999	1998
Changes in Contingent Stock Plan shares:		
Number of shares available, beginning of year	1,978,450	--
Establishment of plan following the Merger	--	450,450
Increase in shares authorized during the year	--	2,049,550
Shares issued for new awards	(246,300)	(522,300)
Contingent stock forfeited	16,400	750
Number of shares available, end of year	1,748,550	1,978,450
Weighted average per share market value of stock on grant date	$ 55.19	$ 58.37
Changes in Directors Stock Plan shares:		
Number of shares available, beginning of year	88,000	--
Establishment of plan following the Merger	--	100,000
Shares issued for new awards	(13,000)	(12,000)
Number of shares available, end of year	75,000	88,000
Weighted average per share market value of stock on grant date	$ 64.88	$ 36.33

REDEEMABLE PREFERRED STOCK - SERIES A CONVERTIBLE PREFERRED STOCK

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

The following is a summary of changes during 1999 and 1998 in shares of preferred stock:

	1999	1998
Changes in preferred stock:		
Number of shares issued, beginning of year	36,021,851	--
Conversion of preferred stock	(6,206)	--
Issued in Recapitalization	--	36,021,851
Number of shares issued, end of year	36,015,645	36,021,851
Changes in preferred stock in treasury:		
Number of shares held, beginning of year	200,000	--
Purchase of shares during period	582,400	200,000
Number of shares held, end of year	782,400	200,000

STOCK OPTIONS

Prior to the Reorganization and the Merger, certain of Cryovac's employees participated in stock option plans maintained by Grace. Under the terms of those plans, options were granted at an exercise price equal to the fair market value of Grace Common Stock on the date of grant, became exercisable at the time or times determined by a committee of Grace's Board of Directors, and had terms of up to ten years and one month. In connection with the Reorganization and the Merger, the Company terminated those plans except with respect to outstanding options held by Cryovac employees at the time of the Merger. Under the Transaction Agreements, such options became options to purchase the Company's common stock, and the number of shares covered by and exercise price of such options were adjusted at the time of the Merger to preserve their economic value. No options have been granted to Cryovac employees since 1997.

Options to purchase 490,177 shares of common stock were outstanding at March 31, 1998 at an average exercise price of $37.02 per share after giving effect to the adjustments provided for in the Transaction Agreements. Such options are exercisable over terms extending to 2007. None of the options outstanding following the Merger were exercised during 1998.

During 1999, 64,111 options were exercised with an aggregate exercise price of $2,029. At December 31, 1999, 426,066 options to purchase shares of common stock were still outstanding at an average exercise price of $37.83 per share. Exercise prices relating to such options range from $18.95 to $42.19 per common share.

The pro forma effect on earnings and earnings per common share of applying SFAS No. 123 for those options granted during 1997 and 1996 to employees of Cryovac were as follows:

	Year Ended December 31,		
	1999	1998	1997
Net earnings ascribed to common shareholders:			
As reported	$ 141,607	$ 2,873	$ 101,688
Pro forma (1)	140,867	1,673	100,288
Basic earnings per common share:			
As reported	$ 1.69	$ 0.04	$ 2.54
Pro forma (1)	1.69	0.02	2.51
Diluted earnings per common share:			
As reported	$ 1.68	$ 0.02	$ 2.39
Pro forma (1)	1.67	0.00	2.37

(1) These pro forma amounts calculated in accordance with SFAS No. 123 may not be indicative of future net earnings or earnings per common share effects.

The fair value of option grants was estimated using the Black-Scholes option pricing model with the following historical weighted-average assumptions:

	1997
Dividend yields	1%
Expected volatility	29%
Risk-free interest rates	6%
Expected life (in years)	4

Based on the above assumptions, the weighted-average fair value of each option granted was $16.00 for 1997 before giving effect to adjustments provided for in the Transaction Agreements.

NOTE 15 SUPPLEMENTARY CASH FLOW INFORMATION

	1999	1998	1997
Interest payments, net of amounts capitalized	$ 51,810	$ 47,997	$ --
Income tax payments	172,980	80,069	74,959

The consolidated statement of cash flows for the year ended December 31, 1998 excludes the following non-cash transactions that were accounted for as changes in additional paid-in capital:

Issuance of 36,021,851 shares of Series A convertible preferred stock and 40,647,815 shares of common stock in connection with the Reorganization and Recapitalization	$ 1,801,093
Net assets acquired in the Merger in exchange for 42,624,246 shares of common stock	2,110,752
Liabilities assumed by the Company, net	(7,363)
Liabilities retained by New Grace	51,671

NOTE 16 EARNINGS PER COMMON SHARE

In calculating basic and diluted earnings per common share for 1998 and 1997, retroactive recognition has been given to the Recapitalization as if it had occurred on January 1, 1997 in accordance with SAB No. 98. Accordingly, net earnings were reduced in such years for preferred stock dividends (as if such shares had been outstanding during each period) to arrive at earnings ascribed to common shareholders. The weighted average number of outstanding common shares used to calculate basic earnings per common share in such years was calculated on an equivalent share basis using the weighted average number of shares of common stock outstanding for the first quarter of 1998 and for the 1997 period, adjusted to reflect the terms of the Recapitalization. The weighted average number of common shares used to calculate diluted earnings per common share also considers the exercise of dilutive stock options in each year and repurchased preferred stock in 1999 and 1998. Except as noted in the table below, the outstanding preferred stock is not assumed to be converted in the calculation of diluted earnings per common share for 1999 and 1998 because the treatment of the preferred stock as the common stock into which it is convertible would be anti-dilutive (i.e., would increase earnings per common share) in those years.

The following table sets forth the reconciliation of the basic and diluted earnings per common share computations for the years ended December 31, 1999, 1998 and 1997 (shares in thousands).

	1999	1998 (a)	1997 (a)
Basic EPS:			
NUMERATOR			
Net earnings	$211,461	$ 73,007	$173,732
Add: Excess of book value over repurchase price of preferred stock	1,568	1,798	--
Less: Preferred stock dividends	71,422	53,921	--
Less: Retroactive recognition of preferred stock dividends	--	18,011	72,044
Earnings ascribed to common shareholders	$141,607	$ 2,873	$101,688
DENOMINATOR			
Weighted average common shares outstanding - basic	83,553	72,997	40,052
Basic earnings per common share	$ 1.69	$ 0.04	$ 2.54

	1999	1998 (a)	1997 (a)
Diluted EPS:			
NUMERATOR			
Earnings ascribed to common shareholders	$141,607	$ 2,873	$101,688
Add: Dividends associated with outstanding preferred stock	--	--	72,044
Add: Dividends associated with preferred stock repurchased	916	316	--
Less: Excess of book value over repurchase of preferred stock	1,568	1,798	--
Earnings ascribed to common shareholders-diluted	$140,955	$ 1,391	$173,732
DENOMINATOR			
Weighted average common shares outstanding - basic	83,553	72,997	40,052
Effect of assumed exercise of options	131	118	917
Effect of assumed conversion of preferred stock	--	--	31,864
Weighted average of preferred stock purchased	444	158	--
Weighted average common shares outstanding - diluted	84,128	73,273	72,833
Diluted earnings per common share	$ 1.68	$ 0.02	$ 2.39

(a) Such earnings per common share amounts are not necessarily indicative of the results that would have occurred had Cryovac been a stand-alone company prior to the Reorganization, the Recapitalization and the Merger.

NOTE 17 CERTAIN TRANSACTIONS WITH GRACE

CASH

Prior to the Merger, Cryovac used Grace's centralized cash management services. Under such service arrangements, excess domestic cash was invested and disbursements were funded centrally by Grace on behalf of Cryovac.

SHARED SERVICES AND FACILITIES

Prior to the Merger, Grace allocated a portion of its domestic and overseas regional corporate expenses to Cryovac. These expenses reflected corporate overhead; benefit administration; risk management/insurance administration; tax and treasury/cash management services; environmental services; litigation administration services; general legal services, including intellectual property; and other support and executive functions. Allocations and charges were based on either a direct cost pass-through or a percentage allocation for services provided, based on factors such as net sales, management effort or headcount.

Domestic corporate expenses of Grace allocated to Cryovac in accordance with SAB No. 55 totaled $18,044 and $28,213 for 1998 and 1997, respectively, and were included in marketing, administrative and development expenses.

Grace management believed that the basis used for allocating corporate services was reasonable and that the terms of these transactions would not materially differ from those among unrelated parties.

The statements of earnings for periods prior to the Merger also included allocations of costs for general and administrative services and maintenance services for facilities that Cryovac shared with other Grace businesses as well as data processing services provided by Grace's European central data processing facility. The allocated costs and expenses related to general and administrative functions, maintenance, data processing and other facility support functions were estimated to be approximately $14,000 for the 1998 period and $55,802 for 1997. Of these amounts, $6,181 was included in cost of sales and $49,621 was included in marketing, administrative and development expenses in 1997. The cost allocations for these services were determined based on methods that Grace management considered to be reasonable.

Prior to the Merger, Grace also charged Cryovac for its share of domestic workers' compensation, automobile and other general business liability insurance premiums and claims, which were all handled by Grace on a corporate basis. These charges were based on Cryovac's actual and expected future experience, including annual payroll expense, and were not significant to Cryovac's results of operations.

ALLOCATION OF LONG-TERM INCENTIVE PROGRAM EXPENSE

In accordance with SAB No. 55, the financial statements for 1997 reflect an allocation of $23,710 of LTIP expense related to Grace corporate employees who performed services on behalf of Cryovac.

NOTE 18 COMMITMENTS AND CONTINGENCIES

The Company is obligated under the terms of various leases covering many of the facilities that it occupies. The Company accounts for substantially all of its leases as operating leases. Net rental expense was $24,667, $20,873, and $9,588 for 1999, 1998 and 1997, respectively. Estimated future minimum annual rental commitments under non-cancelable real property leases are as follows: 2000 - $21,604; 2001 - $16,483; 2002 - $10,953; 2003 - $7,383; 2004 - $5,691 and subsequent years - $13,824.

The Company's worldwide operations are subject to environmental laws and regulations which, among other things, impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. The Company reviews the effects of environmental laws and regulations on its operations and believes that it is in substantial compliance with all material applicable environmental laws and regulations.

At December 31, 1999, the Company was a party to, or otherwise involved in, several federal and state government environmental proceedings and private environmental claims for the cleanup of Superfund or other sites. The Company may have potential liability for investigation and clean up of certain of such sites. At most of such sites, numerous companies, including either the Company or one of its predecessor companies, have been identified as potentially responsible parties ("PRPs") under Superfund or related laws. It is the Company's policy to provide for environmental cleanup costs if it is probable that a liability has been incurred and if an amount which is within the estimated range of the costs associated with various alternative remediation strategies is reasonably estimable, without giving effect to any possible future insurance proceeds. As assessments and cleanups proceed, these liabilities are reviewed periodically and adjusted as additional information becomes available. At December 31, 1999 and 1998, such environmental related provisions were not material. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to the Company and its experience in dealing with such matters, the Company believes that its potential liability with respect to such sites is not material to the Company's consolidated financial position. Environmental liabilities may be paid over an extended period, and the timing of such payments cannot be predicted with certainty.

The Company is also involved in various legal actions incidental to its business. Company management believes, after consulting with counsel, that the disposition of its litigation and other legal proceedings and matters, including environmental matters, will not have a material effect on the Company's consolidated financial position.

In connection with the Reorganization, certain environmental liabilities of Cryovac were retained by or assumed by New Grace. As of March 31, 1998, the Company's liability with respect to such environmental obligations retained by New Grace, including related deferred income taxes, was reversed and accounted for as an equity contribution to the Company from Grace.

CONTINGENT LIABILITIES INDEMNIFIED BY NEW GRACE

Pursuant to the Transaction Agreements, New Grace agreed to indemnify the Company against all liabilities of Grace, whether accruing or occurring before or after the Merger, other than liabilities arising from or relating to Cryovac's operations. New Grace also agreed to retain certain liabilities of Cryovac and to indemnify the Company against such liabilities. The Company may remain contingently liable with respect to certain of such liabilities if New Grace fails to fulfill its indemnity obligations to the Company. Based upon currently available information, the Company believes that future costs related to such indemnified liabilities will not have a material adverse effect on the Company's results of operations or consolidated financial position.

GUARANTEE OF NEW GRACE OUTSTANDING PUBLIC DEBT

The Company is the guarantor of certain outstanding public debt that was assumed by New Grace pursuant to the Transaction Agreements. At December 31, 1999 and 1998, approximately $32,000 of such debt was outstanding. New Grace has indemnified the Company against any liability arising under such guarantee pursuant to the Transaction Agreements.

TRANSACTION AGREEMENTS

Pursuant to the Transaction Agreements, final determinations and accountings are necessary with respect to matters pertaining to the Reorganization and the Merger. The Company believes that the final outcome of such matters will not have a material effect on its consolidated financial position.

NOTE 19 SELECTED PRO FORMA STATEMENT OF EARNINGS INFORMATION (UNAUDITED)

The following table presents selected unaudited pro forma statement of earnings information for the years ended December 31, 1998 and 1997 that has been prepared as if the Reorganization, the Recapitalization and the Merger had occurred on January 1, 1997. Such information reflects pro forma adjustments made in combining the historical results of old Sealed Air and Cryovac as a result of such transactions for the years presented. Such amounts include, among other things, incremental goodwill amortization of approximately $10,300 and $41,200 and incremental interest expense of approximately $20,400 and $81,600 in the first quarter of 1998 and full year 1997, respectively. Such amounts exclude a non-cash inventory charge of approximately $8 million recorded in the second quarter of 1998 resulting from the turnover of certain of the Company's inventories previously stepped-up to fair value in connection with the Merger. This pro forma information is not intended to represent what the Company's actual results of operations would have been for such years, if such transactions had occurred on January 1, 1997.

	Year-Ended December 31,		
(Amounts in thousands, except for per share data)	1999 Reported	1998 Pro Forma	1997 Pro Forma
Net sales by segment:			
Food and Specialty Packaging	$ 1,761,130	$ 1,709,428	$ 1,691,978
Protective Packaging	1,078,506	1,010,080	982,686
Net sales	2,839,636	2,719,508	2,674,664
Cost of sales	1,810,914	1,762,957	1,719,246
Gross profit	1,028,722	956,551	955,418
Marketing, administrative and development expenses	527,126	516,269	495,685
Goodwill amortization	49,404	47,893	48,005
Restructuring and other charges, net	--	87,182	14,444
Operating profit	452,192	305,207	397,284
Other expense, net	(56,539)	(82,141)	(89,390)
Earnings before income taxes	395,653	223,066	307,894
Income taxes	184,192	141,574	123,359
Net earnings	$ 211,461	$ 81,492	$ 184,535
Less: Preferred stock dividends	71,422	71,932	72,044
Add: Excess of book value over repurchase price of preferred stock	1,568	1,798	--
Net earnings ascribed to common shareholders	$ 141,607	$ 11,358	$ 112,491
Earnings per common share (1)			
Basic	$ 1.69	$ 0.14	$ 1.35
Diluted	$ 1.68	$ 0.12	$ 1.35
Weighted average number of common shares outstanding:			
Basic	83,553	83,478	83,272
Diluted	84,128	83,754	83,381

(1) For purposes of calculating basic and diluted earnings per common share, net earnings for 1998 and 1997 have been reduced by the dividends ($18,011 in 1998 for the first quarter and $72,044 in 1997) that would have been payable on the Company's Series A convertible preferred stock (as if such shares had been outstanding during such periods) to arrive at earnings ascribed to common shareholders. The weighted average number of outstanding common shares used to calculate basic earnings per common share is calculated on an equivalent share basis using the weighted average number of shares of common stock outstanding for the first quarter of 1998 and for 1997, adjusted to reflect the terms of the Recapitalizaiton. The assumed conversion of the convertible preferred stock is not considered in the calculation of diluted earnings per common share in either 1998 or 1997 as the effect would be anti-dilutive (i.e., would increase earnings per common share) in each year.

NOTE 20 INTERIM FINANCIAL INFORMATION (UNAUDITED)

(Amounts in thousands, except for per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1999				
Net Sales	$ 678,937	$ 695,121	$ 714,755	$ 750,823
Gross profit	245,698	253,580	257,204	272,240
Net Earnings	46,614	51,192	53,712	59,943
Preferred Stock dividends	17,910	17,879	17,879	17,754
Earnings per common share - basic (1)	0.34	0.40	0.43	0.52
Earnings per common share - diluted (1)	0.34	0.40	0.43	0.50
1998				
Net sales	$ 431,035	$ 670,005	$ 684,302	$ 721,414
Gross profit	140,122	227,060	241,053	260,501
Net earnings(loss)	27,052	35,565	(54,103)	64,493
Preferred stock dividends	--	18,011	17,999	17,911
Earnings(loss) per common share - basic (2)	0.22(3)	0.21	(0.85)	0.57
Earnings(loss) per common share - diluted (2)	0.22(3)	0.21	(0.85)	0.56

(1) The sum of the four quarters earnings per common share may not equal the amounts reported for the full year since each period is calculated separately.

(2) Because of the effects of the Recapitalization and the Merger, the sum of the four quarters earnings per common share amounts do not necessarily equal the amounts reported for the full year.

(3) Such earnings per common share are not necessarily indicative of the results that would have occurred had Cryovac been a stand-alone company prior to the Reorganization, Recapitalization and the Merger.

KPMG

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
of Sealed Air Corporation

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of earnings, equity, comprehensive income, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sealed Air Corporation and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ KPMG LLP

KPMG LLP
Short Hills, New Jersey
January 25, 2000

PRICEWATERHOUSECOOPERS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

February 23, 1998

To the Board of Directors and Shareholders of
Sealed Air Corporation

We have audited the accompanying consolidated statements of earnings, of comprehensive income, of equity and of cash flows of Sealed Air Corporation (the "Company") for the year ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have not audited the consolidated financial statements of Sealed Air Corporation for any period subsequent to December 31,1997.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements were prepared on the basis of presentation described in Note 1, and are not intended to be a complete presentation of the consolidated assets, liabilities, revenues and expenses of the Company. Also as described in Note 1, the Company completed a reorganization, recapitalization and merger on March 31, 1998. The accompanying financial statements for the year ended December 31, 1997 do not reflect the effects of such transactions.

As disclosed in Note 17, the Company has engaged in various transactions and relationships with affiliated entities. The terms of these transactions may differ from those that would result from transactions among unrelated parties.

In our opinion, the accompanying financial statements audited by us present fairly, in all material respects, the earnings and cash flows of the Company for the year ended December 31, 1997 pursuant to the basis of presentation described in Note 1, in conformity with generally accepted accounting principles.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Fort Lauderdale, Florida

Capital Stock Information

In connection with the Cryovac merger, the Company issued its Common Stock, par value $0.10 per share, on March 31, 1998. The Company's Common Stock is listed on the New York Stock Exchange (trading symbol: SEE). The adjacent table sets forth the high and low sales prices of the Common Stock for each quarter beginning April 1, 1998 through December 31, 1999. The adjacent table also sets forth the high and low sales prices of the Common Stock of old Sealed Air before the Cryovac transaction for the quarter ended March 31, 1998. No dividends were paid on Sealed Air's Common Stock in 1999 and 1998. The Company does not currently intend to begin paying dividends on its Common Stock. As of March 3, 2000, there were approximately 11,188 holders of record of the Company's Common Stock.

In connection with the Cryovac merger, the Company issued its Series A Convertible Preferred Stock on March 31, 1998, which is also listed on the New York Stock Exchange (trading symbol: SEE PrA). The adjacent table sets forth the high and low sales prices for Sealed Air's Preferred Stock for each quarter beginning April 1, 1998 through December 31, 1999. Quarterly dividends of $0.50 per share payable as declared on the Preferred Stock commenced on July 1, 1998. As of March 3, 2000, there were approximately 9,607 holders of record of the Preferred Stock.

COMMON STOCK

1998	High	Low
First Quarter	$ 70	$ 55-3/16
Second Quarter	$ 66-1/2	$ 36-1/16
Third Quarter	$ 44-3/8	$ 31-9/16
Fourth Quarter	$ 51-13/16	$ 27-3/8

1999	High	Low
First Quarter	$ 56-3/4	$ 46-3/4
Second Quarter	$ 68-7/16	$ 48-2/16
Third Quarter	$ 65-7/8	$ 51-2/16
Fourth Quarter	$ 58-2/16	$ 44-9/16

PREFERRED STOCK

1998	High	Low
Second Quarter	$ 63-1/4	$ 41-1/2
Third Quarter	$ 46-5/8	$ 35-7/8
Fourth Quarter	$ 51-7/8	$ 31-7/16

1999	High	Low
First Quarter	$ 55	$ 48
Second Quarter	$ 65	$ 48-3/4
Third Quarter	$ 62-3/4	$ 50
Fourth Quarter	$ 56	$ 46-11/16

EXHIBIT 21
SUBSIDIARIES OF THE COMPANY

The following table sets forth the name and state or other jurisdiction of incorporation of the Company's subsidiaries. Except as otherwise indicated, each subsidiary is wholly-owned, directly or indirectly, by the Company and does business under its corporate name.

Anpak Limited	England
Creative Packaging Corporation*	Japan
Cryovac AG	Switzerland
Cryovac AS	Norway
Cryovac Australia Pty. Ltd.	Australia
Cryovac Belgium N.V.	Belgium
Cryovac Brazil Ltda.	Brazil
Cryovac B.V.	Netherlands
Cryovac Chile Holdings, LLC.	Delaware
Cryovac Chile Industrial Ltda.	Chile
Cryovac China Holdings I, Inc.	China
Cryovac Embalagens Ltda.	Brazil
Cryovac Far East Holdings, LLC.	Delaware
Cryovac (Gaoming) Co., Ltd.**	China
Cryovac Holdings, LLC	Delaware
Cryovac Holdings, S.A. de C.V.	Mexico
Cryovac, Inc.	Delaware
Cryovac India Private Limited	India
Cryovac International Holdings, Inc.	Delaware
Cryovac Japan K.K.	Japan
Cryovac Korea Inc.	Korea
Cryovac (Malaysia) Sdn Bhd	Malaysia
Cryovac Multiflex GmbH	Germany
Cryovac Oy	Finland
Cryovac Packaging Portugal Embalagens, Lda.	Portugal
Cryovac (Philippines) Inc.	Philippines
Cryovac Poland Holdings, Inc.	Delaware
Cryovac Poland Sp. z.o.o.	Poland
Cryovac Rigid Packaging Pty. Ltd.	Australia
Cryovac (Singapore) Pte. Ltd.	Singapore
Cryovac S.p.A.	Italy
Cryovac Sweden AB	Sweden
Cryovac Systems Hong Kong Limited	Hong Kong
Cryovac (Thailand) Limited	Thailand
Cryovac Verpackungen GmbH	Germany
Limited Liability Company "Sealed Air"	Russia
Omni Supply Inc.**	North Carolina
PolyMask Corporation*	Delaware
Polypride, Inc.	Delaware
Producembal-Producao de Embalagens, Lda.	Portugal
Sealed Air Africa (Pty) Limited	South Africa
Sealed Air Argentina S.A.	Argentina
Sealed Air Australia Pty. Limited	Queensland, Australia
Sealed Air Brasil Ltda.	Brazil
Sealed Air B.V.	Netherlands
Sealed Air (Canada) Inc.	Canada
Sealed Air Central America, S.A.	Guatemala

Sealed Air Colombia Ltda.	Colombia
Sealed Air Corporation (US)	Delaware
Sealed Air Denmark A/S	Denmark
Sealed Air Embalagens Ltda.**	Brazil
Sealed Air Finance B.V.	Netherlands
Sealed Air Finance II B.V.	Netherlands
Sealed Air (Gaoming) Packaging Co., Ltd.	China
Sealed Air GmbH	Germany
Sealed Air Hellas S.A.	Greece
Sealed Air Holdings (New Zealand) Limited	New Zealand
Sealed Air (Hong Kong) Limited	Hong Kong
Sealed Air Hungary Ltd.	Hungary
Sealed Air International LLC	England
Sealed Air (Israel) Ltd.***	Israel
Sealed Air Japan Limited	Nevada
Sealed Air (Korea) Limited	Korea
Sealed Air Limited	England
Sealed Air Limited	Ireland
Sealed Air LLC	Delaware
Sealed Air (Malaysia) Sdn. Bhd.	Malaysia
Sealed Air de Mexico, S.A. de C.V.	Mexico
Sealed Air Norge AS	Norway
Sealed Air N.V.	Belgium
Sealed Air (NZ) Limited	New Zealand
Sealed Air Oy	Finland
Sealed Air Packaging Holdings (Israel) Ltd.	Israel
Sealed Air Packaging S.A.**	France
Sealed Air Packaging, S.A.	Spain
Sealed Air Packaging (Shanghai) Co., Ltd.	China
Sealed Air Peru S.R.L.	Peru
Sealed Air S.L.	Spain
Sealed Air (Philippines) Inc.	Philippines
Sealed Air Polska Sp. z.o.o.	Poland
Sealed Air S.A.	France
Sealed Air (Singapore) Pte. Limited	Singapore
Sealed Air Packaging S.p.A.	Italy
Sealed Air s.r.o	Czech Republic
Sealed Air Svenska AB	Sweden
Sealed Air Taiwan Limited	Taiwan
Sealed Air Thailand Limited	Thailand
Sealed Air Trucking, Inc.	Delaware
Sealed Air Uruguay S.A.	Uruguay
Sealed Air de Venezuela, S.A.	Venezuela
Soinpar Industrial Ltda.	Brazil
Tart spol s.r.o.***	Czech Republic
ZAO Sealed Air Kaustik**	Russia

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* The Company directly or indirectly owns 50% of the outstanding shares.

** The Company directly or indirectly owns a majority of the outstanding shares.

*** The Company directly or indirectly owns less than 50% of the outstanding shares.

Certain subsidiaries are omitted from the above table. Such subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 1999.

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Sealed Air Corporation:

We consent to incorporation by reference in Registration Statements on Form S-8 (Nos. 333-50603, 333-59197, and 333-59195) of Sealed Air Corporation of our reports dated January 25, 2000, relating to the consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of earnings, equity, comprehensive income, and cash flows for the years then ended, and the related schedule, which reports appear in or are incorporated by reference in this Annual Report on Form 10-K.

/s/KPMG LLP
KPMG LLP

Short Hills, New Jersey
MARCH 27, 2000

Exhibit 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in Registration Statements on Form S-8 (Nos. 333-50603, 333-59197, and 333-59195) of Sealed Air Corporation of our report dated February 23, 1998 contained in the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, contained in this Annual Report on Form 10-K.

/s/PRICEWATERHOUSECOOPERS LLP
PRICEWATERHOUSECOOPERS LLP

Ft. Lauderdale, Florida
MARCH 27, 2000

THE SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF EARNINGS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999 AND THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0001012100
SEALED AIR CORPORATION

12-MOS
DEC-31-1999
DEC-31-1999
13,672,000
0
491,442,000
21,396,000
245,934,000
803,224,000
1,946,131,000
922,722,000
3,855,233,000
582,094,000
665,116,000
1,761,662,000
0
8,413,000
542,617,000
3,855,233,000
2,839,636,000
2,839,636,000
1,810,914,000
1,810,914,000
569,868,000
6,662,000
58,126,000
395,653,000
184,192,000
211,461,000
0
0
0
211,461,000
1.69
1.68