UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022

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

For the transition period from __________ to __________

Commission File Number: 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**65-0654331**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
2415 Cascade Pointe Boulevard	
Charlotte North Carolina	**28208**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.10 per share	SEE	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

There were 146,084,428 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of April 29, 2022.

Cautionary Notice Regarding Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition, results of operations or cash flows. The Securities and Exchange Commission (“SEC”) encourages companies to disclose forward-looking statements so that investors can better understand a company’s future prospects and make informed investment decisions. Forward-looking statements are subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Therefore, you should not rely on any of these forward-looking statements. Forward-looking statements can be identified by such words as “anticipate,” “believe,” “plan,” “assume,” “could,” “should,” “estimate,” “expect,” “intend,” “potential,” “seek,” “predict,” “may,” “will” and similar references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results, expectations regarding the results of restructuring and other programs, anticipated levels of capital expenditures and expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: global economic and political conditions, currency translation and devaluation effects, changes in raw material pricing and availability, competitive conditions, the success of new product offerings, consumer preferences, the effects of animal and food-related health issues, the effects of epidemics or pandemics, including the Coronavirus Disease 2019, negative impacts related to the ongoing conflict between Russia and Ukraine and related sanctions, export restrictions and other counteractions thereto, changes in energy costs, environmental matters, the success of our restructuring activities, the success of our merger, acquisition and equity investment strategies, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, changes in our credit ratings, the tax benefit associated with the Settlement agreement (as defined in Note 18 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this report), regulatory actions and legal matters, and the other information referenced in Part I, Item 1A, "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2021 as filed with the SEC, and in any of our subsequent SEC filings. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(Unaudited)

(In USD millions, except share and per share data)	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 278.2	$ 561.0
Trade receivables, net of allowance for credit losses of $12.6 in 2022 and $11.1 in 2021	677.5	620.3
Income tax receivables	17.1	28.8
Other receivables	80.8	83.7
Inventories, net of inventory reserves of $26.3 in 2022 and $24.1 in 2021 (Note 7)	843.7	725.7
Prepaid expenses and other current assets	49.7	50.1
Total current assets	1,947.0	2,069.6
Property and equipment, net (Note 8)	1,252.3	1,232.0
Goodwill (Note 9)	2,192.2	2,189.4
Identifiable intangible assets, net (Note 9)	150.9	152.6
Deferred taxes	138.2	138.4
Non-current assets held for sale	—	1.5
Operating lease right-of-use-assets (Note 4)	65.5	63.8
Other non-current assets	370.9	382.0
Total assets	**$ 6,117.0**	**$ 6,229.3**
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings (Note 13)	$ 1.1	$ 1.3
Current portion of long-term debt (Note 13)	9.2	487.2
Current portion of operating lease liabilities (Note 4)	21.2	21.2
Accounts payable	958.1	959.9
Accrued restructuring costs (Note 12)	8.6	10.2
Income tax payable	40.6	22.7
Other current liabilities	444.1	504.8
Total current liabilities	1,482.9	2,007.3
Long-term debt, less current portion (Note 13)	3,689.5	3,219.6
Long-term operating lease liabilities, less current portion (Note 4)	45.8	44.5
Deferred taxes	45.7	46.7
Non-current liabilities held for sale	—	0.9
Other non-current liabilities	662.7	661.6
Total liabilities	**5,926.6**	**5,980.6**
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2022 and 2021	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 233,158,607 in 2022 and 232,483,281 in 2021; shares outstanding: 146,082,455 in 2022 and 148,099,157 in 2021	23.3	23.2
Additional paid-in capital	2,122.9	2,123.4
Retained earnings	2,909.3	2,790.7
Common stock in treasury, 87,076,152 shares in 2022 and 84,384,124 shares in 2021	(3,939.0)	(3,754.7)
Accumulated other comprehensive loss, net of taxes (Note 20)	(926.1)	(933.9)
Total stockholders' equity	**190.4**	**248.7**
Total liabilities and stockholders' equity	**$ 6,117.0**	**$ 6,229.3**

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Unaudited)

(In USD millions, except per share data)	Three Months Ended March 31, 2022	2021
Net sales	$ 1,417.6	$ 1,267.1
Cost of sales	940.6	866.0
Gross profit	477.0	401.1
Selling, general and administrative expenses	205.0	188.9
Amortization expense of intangible assets	9.4	9.7
Restructuring charges (Note 12)	0.5	—
Operating profit	262.1	202.5
Interest expense, net	(38.9)	(43.1)
Other (expense) income, net (Note 21)	(14.2)	1.0
Earnings before income tax provision	209.0	160.4
Income tax provision (Note 17)	59.4	54.6
Net earnings from continuing operations	149.6	105.8
(Loss) Gain on sale of discontinued operations, net of tax	(0.4)	4.3
Net earnings	**$ 149.2**	**$ 110.1**
Basic:		
Continuing operations	$ 1.01	$ 0.68
Discontinued operations	—	0.03
Net earnings per common share - basic (Note 22)	**$ 1.01**	**$ 0.71**
Diluted:		
Continuing operations	$ 1.00	$ 0.68
Discontinued operations	—	0.03
Net earnings per common share - diluted (Note 22)	**$ 1.00**	**$ 0.71**
Weighted average number of common shares outstanding: (Note 22)		
Basic	**147.6**	**154.1**
Diluted	**149.5**	**155.4**

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended March 31,					
	2022			2021		
(In USD millions)	Gross	Taxes	Net	Gross	Taxes	Net
Net earnings			**$ 149.2**			**$ 110.1**
Other comprehensive income (loss):						
Recognition of pension items	$ 1.1	$ (0.3)	**0.8**	$ 1.7	$ (1.9)	**(0.2)**
Unrealized gains on derivative instruments for net investment hedge	6.7	(1.7)	**5.0**	23.3	(5.8)	**17.5**
Unrealized (losses) gains on derivative instruments for cash flow hedge	(2.1)	0.6	**(1.5)**	2.6	(0.8)	**1.8**
Foreign currency translation adjustments	3.5	—	**3.5**	(25.2)	—	**(25.2)**
Other comprehensive income (loss)	$ 9.2	$ (1.4)	**7.8**	$ 2.4	$ (8.5)	**(6.1)**
Comprehensive income, net of taxes			**$ 157.0**			**$ 104.0**

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

(In USD millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Common Stock in Treasury	Accumulated Other Comprehensive Loss, Net of Taxes	Total Stockholders' Equity
Balance at December 31, 2021	$ 23.2	$ 2,123.4	$ 2,790.7	$ (3,754.7)	$ (933.9)	$ 248.7
Effect of share-based incentive compensation	0.1	(7.4)	—	—	—	(7.3)
Stock issued for profit sharing contribution paid in stock	—	6.9	—	15.8	—	22.7
Repurchases of common stock	—	—	—	(200.1)	—	(200.1)
Recognition of pension items, net of taxes	—	—	—	—	0.8	0.8
Foreign currency translation adjustments	—	—	—	—	3.5	3.5
Unrealized gain on derivative instruments, net of taxes	—	—	—	—	3.5	3.5
Net earnings	—	—	149.2	—	—	149.2
Dividends on common stock ($0.20 per share)	—	—	(30.6)	—	—	(30.6)
Balance at March 31, 2022	**$ 23.3**	**$ 2,122.9**	**$ 2,909.3**	**$ (3,939.0)**	**$ (926.1)**	**$ 190.4**
Balance at December 31, 2020	$ 23.2	$ 2,093.0	$ 2,400.7	$ (3,380.9)	$ (963.5)	$ 172.5
Effect of share-based incentive compensation	—	(2.4)	—	—	—	(2.4)
Stock issued for profit sharing contribution paid in stock	—	0.2	—	27.8	—	28.0
Repurchases of common stock	—	—	—	(175.5)	—	(175.5)
Recognition of pension items, net of taxes	—	—	—	—	(0.2)	(0.2)
Foreign currency translation adjustments	—	—	—	—	(25.2)	(25.2)
Unrealized gain on derivative instruments, net of taxes	—	—	—	—	19.3	19.3
Net earnings	—	—	110.1	—	—	110.1
Dividends on common stock ($0.16 per share)	—	—	(25.2)	—	—	(25.2)
Balance at March 31, 2021	**$ 23.2**	**$ 2,090.8**	**$ 2,485.6**	**$ (3,528.6)**	**$ (969.6)**	**$ 101.4**

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In USD millions)	Three Months Ended March 31, 2022	2021
Net earnings	$ 149.2	$ 110.1
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	45.3	45.5
Share-based incentive compensation	17.3	11.1
Profit sharing expense	8.6	5.8
Loss on debt redemption and refinancing activities	0.7	—
Provision for allowance for credit losses on trade receivables	1.8	0.7
Provisions for inventory obsolescence	4.5	3.2
Deferred taxes, net	(2.3)	0.9
Net loss (gain) on sale of business	0.4	(2.2)
Impairment of equity investment	15.5	—
Other non-cash items	(3.1)	3.4
Changes in operating assets and liabilities:		
Trade receivables, net	(57.1)	(56.0)
Inventories, net	(119.9)	(70.9)
Accounts payable	10.5	69.3
Customer advance payments	1.7	2.6
Income tax receivable/payable	30.2	44.4
Other assets and liabilities	(54.9)	(88.0)
Net cash provided by operating activities	**$ 48.4**	**$ 79.9**
Cash flows from investing activities:		
Capital expenditures	(67.0)	(43.9)
Proceeds related to sale of business and property and equipment, net	7.1	0.6
Business acquired in purchase transactions, net of cash acquired	(9.1)	—
Payments associated with debt, equity and equity method investments	(1.3)	(6.0)
Settlement of foreign currency forward contracts	1.0	8.2
Other investing activities	—	0.1
Net cash used in investing activities	**$ (69.3)**	**$ (41.0)**
Cash flows from financing activities:		
Net (payments) proceeds of short-term borrowings	(0.1)	1.7
Proceeds from long-term debt	0.8	—
Payments of long-term debt	—	(2.8)
Payments of debt modification/extinguishment costs	(4.1)	—
Dividends paid on common stock	(31.1)	(25.8)
Impact of tax withholding on share-based compensation	(24.8)	(13.7)
Repurchases of common stock	(200.1)	(177.1)
Principal payments related to financing leases	(2.7)	(2.6)
Net cash used in financing activities	**$ (262.1)**	**$ (220.3)**
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 0.2**	**$ 2.7**
Cash Reconciliation:		
Cash and cash equivalents	561.0	548.7
Restricted cash and cash equivalents	—	—
Balance, beginning of period	**$ 561.0**	**$ 548.7**
Net change during the period	**(282.8)**	**(178.7)**
Cash and cash equivalents	278.2	370.0
Restricted cash and cash equivalents	—	—
Balance, end of period	**$ 278.2**	**$ 370.0**
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$ 41.0	$ 43.3
Income tax payments (refunds), net	$ 24.7	$ (1.6)
Restructuring payments including associated costs	$ 12.0	$ 5.0
Non-cash items:		
Transfers of shares of common stock from treasury for profit-sharing contributions	$ 22.7	$ 28.0

See accompanying Notes to Condensed Consolidated Financial Statements.

Note 1 Organization and Basis of Presentation

Organization

We are a leading global provider of packaging solutions integrating high-performance materials, automation, equipment and services. Sealed Air Corporation designs and delivers packaging solutions that protect goods, preserve food, automate packaging processes, enable eCommerce and digital connectivity for packaged goods. Our packaging solutions help customers automate their operations to be increasingly touchless and more resilient, safer, less wasteful, and enhance brand engagement with consumers. We deliver our packaging solutions to an array of end markets including fresh proteins, foods, fluids, medical and healthcare, eCommerce, logistics and omnichannel fulfillment operations, and industrials.

Our portfolio of packaging solutions includes CRYOVAC® brand food packaging, SEALED AIR® brand protective packaging, AUTOBAG® brand automated packaging, BUBBLE WRAP® brand packaging and SEE Touchless Automation™ solutions. We have established leading market positions through our differentiated packaging solutions, well-established customer relationships, iconic brands, and global scale and market access.

We conduct substantially all of our business through two wholly-owned subsidiaries, Cryovac, LLC and Sealed Air Corporation (US). Throughout this report, when we refer to “Sealed Air,” “SEE,” the “Company,” “we,” “our,” or “us,” we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise.

Basis of Presentation

Our Condensed Consolidated Financial Statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management’s opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of our Condensed Consolidated Balance Sheet as of March 31, 2022 and our Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021 have been made. The results set forth in our Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and in our Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full year. The Condensed Consolidated Balance Sheet as of December 31, 2021 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. All amounts are in millions, except per share amounts, and approximate due to rounding. All amounts are presented in U.S. dollar, unless otherwise specified.

Our Condensed Consolidated Financial Statements were prepared in accordance with the interim reporting requirements of the SEC. As permitted under those rules, annual footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted. The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ from these estimates.

We are responsible for the unaudited Condensed Consolidated Financial Statements and notes included in this report. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (“2021 Form 10-K”), which was filed with the SEC on February 22, 2022, and with the information contained in our other publicly-available filings with the SEC.

When we cross reference to a “Note,” we are referring to our “Notes to Condensed Consolidated Financial Statements,” unless the context indicates otherwise.

There were no significant changes to our significant accounting policies as disclosed in “Note 2 – Summary of Significant Accounting Policies and Recently Issued Accounting Standards” of our audited consolidated financial statements and notes thereto included in our 2021 Form 10-K.

Impact of Inflation and Currency Fluctuation

Argentina

Economic and political events in Argentina have continued to expose us to heightened levels of foreign currency exchange risk. As of July 1, 2018, Argentina was designated as a highly inflationary economy under U.S. GAAP, and the U.S. dollar replaced the Argentine peso as the functional currency for our subsidiaries in Argentina. All Argentine peso-denominated monetary assets and liabilities were remeasured into U.S. dollars using the current exchange rate available to us. The impact of any changes in the exchange rate are reflected within Other (expense) income, net on the Condensed Consolidated Statements of Operations. The Company recorded $1.0 million and $1.4 million of remeasurement losses for the three months ended March 31, 2022 and 2021, respectively.

Note 2 Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards

In July 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-05, Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments ("ASU 2021-05"). ASU 2021-05 requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate as an operating lease at commencement if the lease would have been classified as a sales-type or direct financing lease and the lessor would have recognized a selling loss at lease commencement. The Company adopted ASU 2021-05 on January 1, 2022. The adoption did not have a material impact on the Company's Condensed Consolidated Financial Statements.

Recently Issued Accounting Standards

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance ("ASU 2021-10"). ASU 2021-10 requires business entities to disclose information about certain types of government assistance received in the notes to the financial statements. ASU 2021-10 is effective for annual periods beginning after December 15, 2021. We do not believe that the adoption of ASU 2021-10 will have an impact on the Company's Condensed Consolidated Financial Statements with the exception of new disclosures, if government assistance provided to the Company were to be material in the future.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"). The new guidance requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Topic 606, Revenue from Contracts with Customers. The standard will not impact acquired contract assets or liabilities from business combinations occurring prior to the adoption date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The impact of adoption on the Company's Condensed Consolidated Financial Statements will be prospective only and will depend on the magnitude of any future business acquisitions.

Note 3 Revenue Recognition, Contracts with Customers

Description of Revenue Generating Activities

We employ sales, marketing and customer service personnel throughout the world who sell and market our equipment and systems, products, and services to and/or through a large number of distributors, fabricators, converters, eCommerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, food service businesses, supermarket retailers, pharmaceutical companies, healthcare facilities, medical device manufacturers, and other manufacturers.

As discussed in Note 6, "Segments," our reporting segments are Food and Protective. Our Food applications are largely sold directly to end customers, while our Protective products are sold through business supply distributors and directly to end customers.

Food:

Food solutions are sold to food processors in fresh red meat, smoked and processed meats, poultry, seafood, plant-based and dairy (solid and liquids) markets worldwide. Food offers integrated packaging materials and automated equipment solutions to increase food safety, extend shelf life, reduce food waste, automate processes and optimize total cost. Its materials, automated equipment and service enables customers to reduce costs and enhance their brands in the marketplace.

Food solutions are utilized by food service businesses (such as restaurants and entertainment venues) ("food service") and food retailers (such as grocery stores and supermarkets) ("food retail"), among others. Solutions serving the food service market include products such as barrier bags and pouches, and are primarily marketed under the CRYOVAC® trademark and other highly recognized trade names including CRYOVAC® brand Barrier Bags, CRYOVAC® brand Form-Fill-Seal Films, and CRYOVAC® brand Auto Pouch System. Solutions serving the food retail market include products such as barrier bags, film, and trays, and are primarily marketed under the CRYOVAC® trademark and other highly recognized trade names including CRYOVAC® brand Grip & Tear™, CRYOVAC® brand Darfresh®, OptiDure™, Simple Steps®, and CRYOVAC® brand Barrier Bags.

Protective:

Protective packaging solutions are utilized across many global markets to protect goods during transit and are especially valuable to eCommerce, consumer goods, pharmaceutical and medical devices and industrial manufacturing. Protective solutions are designed to increase our customers' packaging velocity, minimize packaging waste, reduce labor dependencies and address dimensional weight challenges.

Protective solutions are sold through a strategic network of distributors as well as directly to our customers, including, but not limited to, fabricators, original equipment manufacturers, contract manufacturers, logistics partners and eCommerce/fulfillment operations. Protective solutions are marketed under SEALED AIR® brand, BUBBLE WRAP® brand, AUTOBAG® brand and other highly recognized trade names and product families including BUBBLE WRAP® brand inflatable packaging, SEALED AIR® brand performance shrink films, AUTOBAG® brand bagging systems, Instapak® polyurethane foam packaging solutions and Korrvu® suspension and retention packaging. In addition, we provide temperature assurance packaging solutions under the Kevothermal™ and TempGuard™ brands.

Other Revenue Recognition Considerations:

Charges for rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the associated revenue is recorded. Revenue recognized from performance obligations satisfied in previous reporting periods was an increase of $0.2 million and a reduction of $0.2 million for the three months ended March 31, 2022 and 2021, respectively.

The Company does not adjust consideration in contracts with customers for the effects of a significant financing component if the Company expects that the period between transfer of a good or service and payment for that good or service will be one year or less. This is expected to be the case for the majority of the Company's contracts.

Lease components within contracts with customers are recognized in accordance with Accounting Standards Codification ("ASC") Topic 842.

Disaggregated Revenue

For the three months ended March 31, 2022 and 2021, revenues from contracts with customers summarized by Segment and Geography were as follows:

	Three Months Ended March 31, 2022		
(In millions)	**Food**	**Protective**	**Total**
Americas	$ 524.9	$ 399.9	$ 924.8
EMEA	166.6	123.8	290.4
APAC	110.4	84.6	195.0
Topic 606 Segment Revenue	**801.9**	**608.3**	**1,410.2**
Non-Topic 606 Revenue (Leasing: Sales-type and Operating)	5.8	1.6	7.4
Total	**$ 807.7**	**$ 609.9**	**$ 1,417.6**

(In millions)	Three Months Ended March 31, 2021 Food	Protective	Total
Americas	$ 434.8	$ 348.1	$ 782.9
EMEA	151.9	128.5	280.4
APAC	109.9	86.8	196.7
Topic 606 Segment Revenue	**696.6**	**563.4**	**1,260.0**
Non-Topic 606 Revenue (Leasing: Sales-type and Operating)	5.6	1.5	7.1
Total	**$ 702.2**	**$ 564.9**	**$ 1,267.1**

Contract Balances

The time when a performance obligation is satisfied and the time when billing and payment occur are generally closely aligned, subject to agreed payment terms, with the exception of equipment accruals, which can be used to purchase both automated and standard range equipment. An equipment accrual is a contract offering, whereby a customer is incentivized to use a portion of the materials transaction price for future equipment purchases. Long-term contracts that include an equipment accrual create a timing difference between when cash is collected and when the performance obligation is satisfied, resulting in a contract liability (unearned revenue). The following contract assets and liabilities are included within Prepaid expenses and other current assets and Other current liabilities, or Other non-current liabilities on our Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021:

(In millions)	March 31, 2022	December 31, 2021
Contract assets	$ 0.7	$ 1.2
Contract liabilities	$ 19.3	$ 20.2

The contract liability balances represent deferred revenue, primarily related to equipment accruals. Revenue recognized in the three months ended March 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period was $4.4 million and $5.8 million, respectively. This revenue was driven primarily by equipment performance obligations being satisfied.

Remaining Performance Obligations

The following table summarizes the estimated transaction price from contracts with customers allocated to performance obligations or portions of performance obligations that have not yet been satisfied as of March 31, 2022 and December 31, 2021, as well as the expected timing of recognition of that transaction price.

(In millions)	March 31, 2022	December 31, 2021
Short-Term (12 months or less)[(1)]	$ 15.7	$ 15.9
Long-Term	3.6	4.3
Total transaction price	**$ 19.3**	**$ 20.2**

[(1)] Our enforceable contractual obligations tend to be short term in nature. The table above does not include the transaction price of any remaining performance obligations that are part of the contracts with expected durations of one year or less.

Note 4 Leases

Lessor

SEE has contractual obligations as a lessor with respect to some of our automated and equipment solutions including "free on loan" equipment and leased equipment, both sales-type and operating. The consideration in a contract that contains both lease and non-lease components is allocated based on the standalone selling price.

Our contractual obligations for operating leases can include termination and renewal options. Our contractual obligations for sales-type leases tend to have fixed terms and can include purchase options. We utilize the reasonably certain threshold criteria in determining which options our customers will exercise.

All lease payments are primarily fixed in nature and therefore captured in the lease receivable. Our sales-type lease receivable balances at March 31, 2022 and December 31, 2021 were as follows:

(In millions)	March 31, 2022	December 31, 2021
Short-Term (12 months or less)	$ 5.9	$ 5.7
Long-Term	17.7	18.8
Lease receivables	**$ 23.6**	**$ 24.5**

Sales-type and operating lease revenue was less than 1% of net trade sales for the three months ended March 31, 2022 and year ended December 31, 2021.

Lessee

SEE has contractual obligations as a lessee with respect to warehouses, offices and manufacturing facilities, IT equipment, automobiles, and material production equipment.

The following table details our lease obligations included in our Condensed Consolidated Balance Sheets.

(In millions)	March 31, 2022	December 31, 2021
Other non-current assets:		
Finance leases - ROU assets	$ 58.2	$ 58.0
Finance leases - Accumulated depreciation	(28.8)	(27.3)
Operating lease right-of-use-assets:		
Operating leases - ROU assets	139.8	133.5
Operating leases - Accumulated depreciation	(74.3)	(69.7)
Total lease assets	**$ 94.9**	**$ 94.5**
Current portion of long-term debt:		
Finance leases	$ (9.2)	(10.2)
Current portion of operating lease liabilities:		
Operating leases	(21.2)	(21.2)
Long-term debt, less current portion:		
Finance leases	(18.9)	(19.2)
Long-term operating lease liabilities, less current portion:		
Operating leases	(45.8)	(44.5)
Total lease liabilities	**$ (95.1)**	**$ (95.1)**

At March 31, 2022, estimated future minimum annual rental commitments under non-cancelable real and personal property leases were as follows:

(In millions)	Finance leases	Operating leases
Remainder of 2022	$ 8.2	$ 18.6
2023	7.8	19.6
2024	3.0	13.6
2025	2.1	9.6
2026	2.0	6.9
Thereafter	10.0	6.8
Total lease payments	33.1	75.1
Less: Interest	(5.0)	(8.1)
Present value of lease liabilities	**$ 28.1**	**$ 67.0**

The following lease cost is included in our Condensed Consolidated Statements of Operations:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Lease cost[1]		
Finance leases		
Amortization of ROU assets	$ 2.7	$ 2.6
Interest on lease liabilities	0.3	0.4
Operating leases	8.5	7.7
Short-term lease cost	0.4	1.1
Variable lease cost	1.6	1.9
Total lease cost	**$ 13.5**	**$ 13.7**

[1] With the exception of Interest on lease liabilities, we record lease costs to Cost of sales or Selling, general and administrative expenses on the Condensed Consolidated Statements of Operations, depending on the use of the leased asset. Interest on lease liabilities is recorded to Interest expense, net on the Condensed Consolidated Statements of Operations.

The following table details cash paid related to operating and finance leases included in our Condensed Consolidated Statements of Cash Flows and new ROU assets included in our Condensed Consolidated Balance Sheets:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - finance leases	$ 1.1	$ 1.8
Operating cash flows - operating leases	$ 8.7	$ 8.0
Financing cash flows - finance leases	$ 2.7	$ 2.6
ROU assets obtained in exchange for new finance lease liabilities	$ 1.4	$ 1.1
ROU assets obtained in exchange for new operating lease liabilities	$ 9.2	$ 2.4

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Weighted average information:		
Finance leases		
Remaining lease term (in years)	5.9	6.1
Discount rate	4.6 %	4.8 %
Operating leases		
Remaining lease term (in years)	4.3	4.5
Discount rate	4.5 %	5.0 %

Note 5 Acquisition and Divestiture Activity

Acquisition of Foxpak Flexibles Ltd.

On February 2, 2022, SEE acquired Foxpak Flexibles Ltd. (“Foxpak”), a privately-owned Irish packaging solutions company. Foxpak is a digital printing pioneer that partners with brands to deliver highly decorated packaging solutions; stand-up and spout pouches, and sachets that serve a variety of markets including food retail, pet food, seafood, and snacks. This transaction resulted in a purchase price paid of $9.1 million. The Company allocated the consideration transferred to the fair value of assets acquired and liabilities assumed, resulting in an allocation to goodwill of $5.0 million and $2.5 million to identifiable intangible assets. The acquisition is included in our Food reporting segment. Goodwill is not deductible for tax purposes. A deferred tax liability of $0.3 million on identifiable intangible assets was recorded on the opening balance sheet.

Divestiture of Reflectix, Inc.

On November 1, 2021, the Company completed the sale of Reflectix, Inc. (“Reflectix”), a wholly-owned subsidiary that sells branded reflective insulation solutions, with operations located in Markleville, Indiana. The decision to sell this business was consistent with the Company's overall strategic priorities focused on packaging solutions. Reflectix was previously included within the Protective reporting segment.

The disposal does not represent a strategic shift that will have a major effect on our operations and financial results and therefore did not qualify as a discontinued operation.

The selling price of the business was $82.5 million, paid in cash during the fourth quarter 2021. We recorded a $45.3 million pre-tax gain on the sale of the business, within Gain (Loss) on sale of businesses and property and equipment on the Consolidated Statements of Operations for the year ended December 31, 2021. The business had a net carrying value of $35.8 million, which included inventory of $6.8 million, trade receivables of $6.6 million, property and equipment of $1.0 million, and goodwill of $23.2 million. The goodwill is not deductible for tax purposes. The assets were partially offset by accrued liabilities which were individually immaterial. We recorded $17.3 million in tax expense related to the gain from the sale of Reflectix within Income tax provision on the Consolidated Statements of Operations for the year ended December 31, 2021.

The sales price is subject to final and customary purchase price true-ups. We maintain no on-going investment or relationship that would result in the sold business becoming a related party.

Note 6 Segments

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

- Food
- Protective

The Company’s Food and Protective segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products. Corporate includes certain costs that are not allocated to the reportable segments. The Company evaluates performance of the reportable segments based on the results of each segment. The performance metric used by the Company's chief operating decision maker to evaluate performance of our reportable segments is Segment Adjusted EBITDA. The Company allocates expense to each segment based on various factors including direct usage of resources, allocation of headcount, allocation of software licenses or, in cases where costs are not clearly delineated, costs may be allocated on portion of either net trade sales or an expense factor such as cost of sales.

We allocate and disclose depreciation and amortization expense to our segments, although depreciation and amortization are not included in the segment performance metric Segment Adjusted EBITDA. We also allocate and disclose restructuring charges by segment, although they are not included in the segment performance metric Segment Adjusted EBITDA since restructuring charges are categorized as Special Items (as identified below). The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements.

The following tables show Net sales and Segment Adjusted EBITDA by reportable segment:

(In millions)	Three Months Ended March 31, 2022	2021
Net sales:		
Food	$ 807.7	$ 702.2
As a % of Consolidated net sales	*57.0 %*	*55.4 %*
Protective	609.9	564.9
As a % of Consolidated net sales	*43.0 %*	*44.6 %*
Consolidated Net sales	**$ 1,417.6**	**$ 1,267.1**

(In millions)	Three Months Ended March 31, 2022	2021
Segment Adjusted EBITDA:		
Food	$ 200.4	$ 156.9
Adjusted EBITDA Margin	*24.8 %*	*22.3 %*
Protective	127.4	109.9
Adjusted EBITDA Margin	*20.9 %*	*19.5 %*
Total Segment Adjusted EBITDA	**$ 327.8**	**$ 266.8**

The following table shows a reconciliation of Segment Adjusted EBITDA to Earnings before income tax provision:

(In millions)	Three Months Ended March 31, 2022	2021
Food Adjusted EBITDA	$ 200.4	$ 156.9
Protective Adjusted EBITDA	127.4	109.9
Corporate Adjusted EBITDA	(0.9)	1.4
Interest expense, net	(38.9)	(43.1)
Depreciation and amortization[(1)]	(63.2)	(56.9)
Special Items:		
Restructuring charges[(2)]	(0.5)	—
Other restructuring associated costs[(3)]	(3.1)	(5.3)
Foreign currency exchange loss due to highly inflationary economies	(1.0)	(1.4)
Loss on debt redemption and refinancing activities	(0.7)	—
Impairment of equity investment	(15.5)	—
Charges related to acquisition and divestiture activity	0.9	(0.3)
Other Special Items[(4)]	4.1	(0.8)
Pre-tax impact of Special Items	(15.8)	(7.8)
Earnings before income tax provision	**$ 209.0**	**$ 160.4**

(1) Depreciation and amortization by segment were as follows:

(In millions)	Three Months Ended March 31, 2022	2021
Food	$ 36.5	$ 31.7
Protective	26.7	25.2
Total Company depreciation and amortization[(i)]	**$ 63.2**	**$ 56.9**

(i) Includes share-based incentive compensation of $17.9 million and $11.5 million for the three months ended March 31, 2022 and 2021, respectively.

(2) Restructuring charges by segment were as follows:

	Three Months Ended March 31,	
(In millions)	2022	2021
Food	$ 0.6	$ (0.2)
Protective	(0.1)	0.2
Total Company restructuring charges	**$ 0.5**	**$ —**

(3) Restructuring associated costs for the three months ended March 31, 2022 primarily relate to fees paid to third-party consultants in support of the Reinvent SEE business transformation. Restructuring associated costs for the three months ended March 31, 2021, primarily relate to a one-time, non-cash cumulative translation adjustment (CTA) loss recognized due to the wind-up of one of our legal entities as well as fees paid to third-party consultants in support of the Reinvent SEE business transformation.

(4) Other Special Items for the three months ended March 31, 2022 primarily relate to a one-time gain on the disposal of land in the United Kingdom (UK).

Assets by Reportable Segments

The following table shows assets allocated by reportable segment. Assets allocated by reportable segment include: trade receivables, net; inventory, net; property and equipment, net; goodwill; intangible assets, net; and leased systems, net.

(In millions)	March 31, 2022	December 31, 2021
Assets allocated to segments:		
Food	$ 2,309.8	$ 2,169.0
Protective	2,901.8	2,844.3
Total segments	**5,211.6**	**5,013.3**
Assets not allocated:		
Cash and cash equivalents	$ 278.2	$ 561.0
Non-current assets held for sale	—	1.5
Income tax receivables	17.1	28.8
Other receivables	80.8	83.7
Deferred taxes	138.2	138.4
Other	391.1	402.6
Total	**$ 6,117.0**	**$ 6,229.3**

Note 7 Inventories, net

The following table details our inventories, net:

(In millions)	March 31, 2022	December 31, 2021
Raw materials	$ 197.7	$ 167.6
Work in process	177.7	158.0
Finished goods	468.3	400.1
Total	**$ 843.7**	**$ 725.7**

Note 8 Property and Equipment, net

The following table details our property and equipment, net.

(In millions)	March 31, 2022	December 31, 2021
Land and improvements	$ 47.8	$ 47.0
Buildings	792.1	790.2
Machinery and equipment	2,594.2	2,554.0
Other property and equipment	124.6	124.2
Construction-in-progress	197.0	200.8
Property and equipment, gross	3,755.7	3,716.2
Accumulated depreciation and amortization	(2,503.4)	(2,484.2)
Property and equipment, net	**$ 1,252.3**	**$ 1,232.0**

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

	Three Months Ended March 31,	
(In millions)	2022	2021
Interest cost capitalized	$ 1.7	$ 1.5
Depreciation and amortization expense[1]	$ 35.9	$ 35.9

(1) Includes amortization expense of finance lease ROU assets of $2.7 million and $2.6 million for the three months ended March 31, 2022 and 2021, respectively.

Note 9 Goodwill and Identifiable Intangible Assets, net

Goodwill

The following table shows our goodwill balances by reportable segment. We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Since the date of our last annual goodwill impairment assessment, we have not identified any changes in circumstances that would indicate the carrying value of goodwill is not recoverable.

Allocation of Goodwill to Reporting Segment

The following table shows our goodwill balances by reportable segment:

(In millions)	Food	Protective	Total
Gross Carrying Value at December 31, 2021	$ 576.6	$ 1,803.0	$ 2,379.6
Accumulated amortization[1]	(49.3)	(140.9)	(190.2)
Carrying Value at December 31, 2021	**$ 527.3**	**$ 1,662.1**	**$ 2,189.4**
Acquisition[2]	5.0	—	5.0
Currency translation	(0.1)	(2.1)	(2.2)
Carrying Value at March 31, 2022	**$ 532.2**	**$ 1,660.0**	**$ 2,192.2**

(1) There was no change to our accumulated amortization balance during the three months ended March 31, 2022.
(2) Represents the allocation of goodwill related to our acquisition of Foxpak. See Note 5, "Acquisition and Divestiture Activity," for further details.

Identifiable Intangible Assets, net

The following tables summarize our identifiable intangible assets, net with definite and indefinite useful lives. As of March 31, 2022, there were no impairment indicators present.

(In millions)	March 31, 2022 Gross Carrying Value	March 31, 2022 Accumulated Amortization	March 31, 2022 Net	December 31, 2021 Gross Carrying Value	December 31, 2021 Accumulated Amortization	December 31, 2021 Net
Customer relationships	$ 102.9	$ (43.9)	$ 59.0	$ 102.7	$ (42.4)	$ 60.3
Trademarks and tradenames	31.3	(12.3)	19.0	31.2	(11.5)	19.7
Software	130.6	(95.9)	34.7	125.5	(90.5)	35.0
Technology	67.4	(40.1)	27.3	64.9	(38.3)	26.6
Contracts	11.5	(9.5)	2.0	11.5	(9.4)	2.1
Total intangible assets with definite lives	**343.7**	**(201.7)**	**142.0**	**335.8**	**(192.1)**	**143.7**
Trademarks and tradenames with indefinite lives	8.9	—	8.9	8.9	—	8.9
Total identifiable intangible assets, net	**$ 352.6**	**$ (201.7)**	**$ 150.9**	**$ 344.7**	**$ (192.1)**	**$ 152.6**

The following table shows the remaining estimated future amortization expense at March 31, 2022.

Year	Amount (In millions)
Remainder of 2022	$ 26.3
2023	27.2
2024	21.1
2025	15.0
2026	9.3
Thereafter	43.1
Total	**$ 142.0**

Expected future cash flows associated with the Company's intangible assets are not expected to be materially affected by the Company's intent or ability to renew or extend the arrangements. Based on our experience with similar agreements, we expect to continue to renew contracts held as intangibles through the end of their remaining useful lives.

Note 10 Accounts Receivable Securitization Programs

U.S. Accounts Receivable Securitization Program

We and a group of our U.S. operating subsidiaries maintain an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to a wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables to two banks and issuers of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and issuers of commercial paper administered by these banks are considered secured borrowings with the underlying receivables as collateral and will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. These banks do not have any recourse against the general credit of the Company. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. There were no borrowings or corresponding net trade receivables maintained as collateral as of March 31, 2022 or December 31, 2021.

As of March 31, 2022, the maximum purchase limit for receivable interests was $50.0 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $50.0 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. As of March 31, 2022, the amount available to us under the program was $50.0 million. Although we do not believe restrictions under this program presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a decline in the amounts available to us under the program or termination of the program.

The program expires annually and is renewable.

European Accounts Receivable Securitization Program

We and a group of our European subsidiaries maintain an accounts receivable securitization program with a special purpose vehicle, or SPV, two banks, and issuers of commercial paper administered by these banks. The European program is structured to be a securitization of certain trade receivables that are originated by certain of our European subsidiaries. The SPV borrows funds from the banks to fund its acquisition of the receivables and provides the banks with a first priority perfected security interest in the accounts receivable. We do not have an equity interest in the SPV. We concluded the SPV is a variable interest entity because its total equity investment at risk is not sufficient to permit the SPV to finance its activities without additional subordinated financial support from the bank via loans or via the collections from accounts receivable already purchased. Additionally, we are considered the primary beneficiary of the SPV since we control the activities of the SPV and are exposed to the risk of uncollectible receivables held by the SPV. Therefore, the SPV is consolidated in our Condensed Consolidated Financial Statements. Any activity between the participating subsidiaries and the SPV is eliminated in consolidation. Loans from the banks to the SPV will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. There were no borrowings or corresponding net trade receivables maintained as collateral as of March 31, 2022 or December 31, 2021.

As of March 31, 2022, the maximum purchase limit for receivable interests was €80.0 million ($89.3 million equivalent at March 31, 2022), subject to availability limits. The terms and provisions of this program are similar to our U.S. program discussed above. As of March 31, 2022, the amount available under this program before utilization was €80.0 million ($89.3 million equivalent as of March 31, 2022).

This program expires annually and is renewable.

Utilization of Our Accounts Receivable Securitization Programs

As of March 31, 2022 and December 31, 2021, there were no outstanding borrowings under our U.S. or European programs. We continue to service the trade receivables supporting the programs, and the banks are permitted to re-pledge this collateral. There was no interest paid for these programs in the three months ended March 31, 2022 or 2021.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above expiration dates. A failure to comply with debt leverage or various other ratios related to our receivables collection experience could result in termination of the receivables programs. We were in compliance with these ratios at March 31, 2022.

Note 11 Accounts Receivable Factoring Agreements

The Company has entered into factoring agreements and customers' supply chain financing arrangements to sell certain trade receivables to unrelated third-party financial institutions. These programs are entered into in the normal course of business. We account for these transactions in accordance with ASC 860, "Transfers and Servicing" ("ASC 860"). ASC 860 allows for the ownership transfer of accounts receivable to qualify for true-sale treatment when the appropriate criteria is met, which permits the Company to present the balances sold under the program to be excluded from Trade receivables, net on the Condensed Consolidated Balance Sheets. Receivables are considered sold when (i) they are transferred beyond the reach of the Company and its creditors, (ii) the purchaser has the right to pledge or exchange the receivables, and (iii) the Company has no continuing involvement in the transferred receivables. In addition, the Company provides no other forms of continued financial support to the purchaser of the receivables once the receivables are sold.

Gross amounts factored under this program for the three months ended March 31, 2022 and 2021 were $172.1 million and $155.9 million, respectively. The fees associated with transfer of receivables for all programs were approximately $1.3 million and $0.9 million for the three months ended March 31, 2022 and 2021, respectively.

Note 12 Restructuring Activities

For the three months ended March 31, 2022, the Company incurred $0.5 million of restructuring charges and $3.1 million of other costs associated with our restructuring program. These charges were incurred in connection with the Company's Reinvent SEE business transformation.

In December 2018, the Board of Directors approved our Reinvent SEE business transformation, which included the related three-year restructuring program ("Program"). Spend associated with our previously existing restructuring programs at the time of Reinvent SEE's approval was substantially completed as of December 31, 2020, and is no longer included in the restructuring program totals below.

The Board of Directors originally approved cumulative restructuring spend up to $220 million. In December 2021, the Board of Directors approved a six-month extension to the original three-year estimate. The six-month extension does not expand the original total Program spend and is primarily related to on-going initiatives, including those related to SEE's continued digital transformation. We now expect restructuring activities associated with the Program to be substantially complete by June 30, 2022.

Restructuring spend is estimated to be incurred as follows:

(In millions)	**Total Restructuring Program Range**		**Less Program Spend to Date**	**Remaining Restructuring Spend**	
	Low	*High*		*Low*	*High*
Costs of reduction in headcount as a result of reorganization	$ 75	$ 80	$ (75)	$ —	$ 5
Other expenses associated with the Program	110	120	(104)	6	16
Total expense	**$ 185**	**$ 200**	**$ (179)**	**$ 6**	**$ 21**
Capital expenditures	15	20	(13)	2	7
Total estimated cash cost(1)	**$ 200**	**$ 220**	**$ (192)**	**$ 8**	**$ 28**

(1) Total estimated cash cost excludes the impact of proceeds expected from the sale of property and equipment and foreign currency impact.

The following table details our aggregate restructuring activities incurred under the Program as reflected in the Condensed Consolidated Statements of Operations:

	Three Months Ended March 31,	
(In millions)	**2022**	**2021**
Other associated costs	$ 3.1	$ 5.3
Restructuring charges	0.5	—
Total charges	**$ 3.6**	**$ 5.3**
Capital expenditures	$ 1.9	$ 1.2

The aggregate restructuring accrual, spending and other activity for the three months ended March 31, 2022 and the accrual balance remaining at March 31, 2022 related to the Program were as follows:

(In millions)	
Restructuring accrual at December 31, 2021	$ 11.3
Accrual and accrual adjustments	0.5
Cash payments during 2022	(2.8)
Restructuring accrual at March 31, 2022	**$ 9.0**

We expect to pay $8.6 million of the accrual balance remaining at March 31, 2022 within the next twelve months. This amount is included in accrued restructuring costs on the Condensed Consolidated Balance Sheets at March 31, 2022. The remaining accrual of $0.4 million is expected to primarily be paid in 2023. These amounts are included in other non-current liabilities on our Condensed Consolidated Balance Sheets at March 31, 2022.

One of the components of the Reinvent SEE business transformation was to enhance the operational efficiency of the Company by acting as “One SEE”. The program was approved by our Board of Directors as a consolidated program benefiting both Food and Protective, and accordingly the expected program spend by reporting segment is not available. However, of the total remaining restructuring accrual of $9.0 million as of March 31, 2022, $2.3 million was attributable to Food and $6.7 million was attributable to Protective.

Note 13 Debt and Credit Facilities

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

(In millions)	Interest rate	March 31, 2022	December 31, 2021
Short-term borrowings[(1)]		$ 1.1	$ 1.3
Current portion of long-term debt[(2)]		9.2	487.2
Total current debt		**10.3**	**488.5**
Term Loan A due July 2023		—	34.6
Term Loan A due March 2027		509.4	—
Senior Notes due April 2023	5.250 %	424.0	423.8
Senior Notes due September 2023	4.500 %	445.4	451.9
Senior Notes due December 2024	5.125 %	423.0	422.8
Senior Notes due September 2025	5.500 %	398.3	398.2
Senior Secured Notes due October 2026	1.573 %	595.2	595.0
Senior Notes due December 2027	4.000 %	421.5	421.4
Senior Notes due July 2033	6.875 %	446.3	446.2
Other[(2)]		26.4	25.7
Total long-term debt, less current portion[(3)]		**3,689.5**	**3,219.6**
Total debt[(4)]		**$ 3,699.8**	**$ 3,708.1**

(1) Short-term borrowings of $1.1 million and $1.3 million at March 31, 2022 and December 31, 2021, respectively, were comprised of short-term borrowings from various lines of credit.

(2) As of March 31, 2022, current portion of long-term debt included finance lease liabilities of $9.2 million. As of December 31, 2021, current portion of long-term debt included $475 million related to the Term Loan A due August 2022, finance lease liabilities of $10.2 million and $2.0 million related to a portion of Term Loan A due 2023. Other debt includes long-term liabilities associated with our finance leases of $18.9 million and $19.2 million at March 31, 2022 and December 31, 2021, respectively. See Note 4, "Leases," for additional information on finance and operating lease liabilities.

(3) Amounts are shown net of unamortized discounts and issuance costs of $18.9 million as of March 31, 2022 and $19.0 million as of December 31, 2021.

(4) As of March 31, 2022, our weighted average interest rate on our short-term borrowings outstanding was 3.6% and on our long-term debt outstanding was 4.1%. As of December 31, 2021, our weighted average interest rate on our short-term borrowings outstanding was 3.6% and on our long-term debt outstanding was 4.1%.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including our revolving credit facility, and the amounts available under our accounts receivable securitization programs.

(In millions)	March 31, 2022	December 31, 2021
Used lines of credit[(1)]	$ 1.1	$ 1.3
Unused lines of credit	1,290.8	1,309.0
Total available lines of credit[(2)]	**$ 1,291.9**	**$ 1,310.3**

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

(2) Of the total available lines of credit, $1,139.3 million was committed as of March 31, 2022.

Amended and Restated Senior Secured Credit Facility

2022 Activity

On March 25, 2022, the Company and certain of its subsidiaries entered into a fourth amended and restated syndicated facility agreement whereby its existing senior secured credit facility was amended and restated (the “Fourth Amended and Restated Credit Agreement”) with Bank of America, N.A., as agent, and the other financial institutions party thereto. The changes include (i) the refinancing of the term loan A facilities and revolving credit facilities with a new U.S. dollar term loan A facility in an aggregate principal amount of approximately $475.0 million, a new pounds sterling term loan A facility in an aggregate principal amount of approximately £27.2 million, and revolving credit facilities of $1.0 billion (including revolving facilities available in U.S. dollars, euros, pounds sterling, Canadian dollars, Australian dollars, Japanese yen, New Zealand dollars and Mexican pesos), (ii) the conversion of the facilities rate from a London Interbank Offered Rate ("LIBOR")-based rate to a Secured Overnight Financing Rate ("SOFR")-based rate, (iii) improved pricing terms which will range from 100 to 175 basis points (bps) in the case of SOFR loans, subject to the achievement of certain leverage tests, (iv) the extension of the final maturity of the term loan A facilities and revolving credit commitment to March 25, 2027, (v) the release of all non-U.S. collateral previously pledged by the Company's subsidiaries and the release of all existing guarantees for non-U.S., non-borrower Company subsidiaries, (vi) the adjustment of certain covenants to provide flexibility to incur additional indebtedness and take other actions and (vii) other amendments.

As a result of the Fourth Amended and Restated Credit Agreement, we recognized a $0.7 million loss on debt redemption and refinancing activities in other (expense) income, net in our Condensed Consolidated Statements of Operations during the first quarter of 2022. This amount includes $0.4 million of accelerated amortization of original issuance discount related to the term loan A and lender and non-lender fees related to the entire credit facility. Also included in the loss on debt redemption and refinancing activities was $0.3 million of non-lender fees incurred in connection with the Fourth Amended and Restated Credit Agreement. In addition, we incurred $1.2 million of lender and third-party fees that are included in the carrying amounts of the outstanding debt under the credit facility. We also capitalized $3.0 million of fees that are included in other assets on our Condensed Consolidated Balance Sheets. The amortization expense related to original issuance discount and lender and non-lender fees is calculated using the effective interest rate method over the lives of the respective debt instruments.

Total amortization expense related to the senior secured credit facility was $0.4 million for the three months ended March 31, 2022 and is included in interest expense, net in our Condensed Consolidated Statements of Operations.

Senior Notes

2022 Activity

On April 19, 2022, the Company issued $425 million aggregate principal amount of 5.000% senior notes due 2029 (the "2029 Notes"). The 2029 Notes will mature on April 15, 2029. Interest is payable on April 15 and October 15 of each year, commencing on October 15, 2022. The 2029 Notes are guaranteed on a senior unsecured basis by each of the Company’s existing and future wholly owned domestic subsidiaries that guarantee its senior secured credit facilities, subject to release under certain circumstances.

The net proceeds from the offering were used to repurchase the 5.25% senior notes due 2023 (the “2023 Notes”) tendered pursuant to the tender offer commenced by the Company on April 5, 2022 and satisfy and discharge all remaining 2023 Notes in accordance with the terms of the indenture governing the 2023 Notes.

2021 Activity

On September 29, 2021, Sealed Air issued $600 million aggregate principal amount of 1.573% Senior Secured Notes due 2026 (the “2026 Notes”). The 2026 Notes will mature on October 15, 2026. Interest is payable on April 15 and October 15 of each year, commencing April 15, 2022. The 2026 Notes and related guarantees are secured on a first-priority basis by liens on substantially all of the Company's and the Guarantors' personal property securing obligations that the Company owes to lenders under the Company's senior secured credit facilities on a pari passu basis, in each case excluding certain property and subject to certain other exceptions.

Prior to the date that is one month prior to the scheduled maturity date of the 2026 Notes (the “Par Call Date”), Sealed Air may redeem the 2026 Notes, in whole or in part, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount of such 2026 Notes or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such 2026 Notes (assuming for this purpose that interest accrued to the Par Call Date is scheduled to be paid on the Par Call

Date) from the redemption date to the Par Call Date discounted to the redemption date on a semiannual basis, plus in either (i) or (ii), any interest accrued but not paid to the date of redemption.

At any time on or after the Par Call Date, Sealed Air may redeem the 2026 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus any interest accrued but not paid to, but not including, the date of redemption.

We capitalized $5.3 million of non-lender fees incurred in connection with the 2026 Notes which are included in long-term debt, less current portion on our Condensed Consolidated Balance Sheets.

The net proceeds from the offering of the 2026 Notes were used (i) to repurchase the outstanding 4.875% Senior Notes due 2022 (the "2022 Notes") tendered pursuant to the tender offer commenced by the Company on September 15, 2021, (ii) to satisfy and discharge all of the remaining outstanding 2022 Notes in accordance with the terms of the indenture governing the 2022 Notes, and (iii) to repay a portion of the U.S. dollar tranche of Term Loan A due 2023. A pre-tax loss of $18.6 million was recognized on the repurchase and cancellation of the 2022 Notes, including a premium of $17.0 million and accelerated amortization of non-lender fees of $1.6 million, within Other (expense) income, net on our Condensed Consolidated Statements of Operations during the year ended December 31, 2021.

Additionally, the Company repaid an aggregate principal amount of $177.2 million of the U.S. dollar tranche of Term Loan A due 2023, plus accrued interest of $0.2 million.

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. Our Senior Secured Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum leverage ratio to EBITDA. We were in compliance with the above financial covenants and limitations at March 31, 2022.

Note 14 Derivatives and Hedging Activities

We report all derivative instruments on our Condensed Consolidated Balance Sheets at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes.

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

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

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

The primary purpose of our cash flow hedging activities is to manage the potential changes in value associated with the amounts receivable or payable on equipment and raw material purchases that are denominated in foreign currencies in order to minimize the impact of the changes in foreign currencies. We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in Accumulated Other Comprehensive Loss ("AOCL") to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in cost of sales, on our Condensed Consolidated Statements of Operations. Cash flows from derivative financial instruments designated as cash flow hedges are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Net unrealized after-tax gains/losses related to cash flow hedging activities that were included in AOCL were a $1.5 million loss and a $2.2 million gain for the three months ended March 31, 2022 and 2021, respectively. The unrealized amount in AOCL will fluctuate based on changes in the fair value of open contracts during each reporting period.

We estimate that $0.1 million of net unrealized gains related to cash flow hedging activities included in AOCL will be reclassified into earnings within the next twelve months.

Foreign Currency Forward Contracts Not Designated as Hedges

Our subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purposes of our foreign currency hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies and to minimize the impact of the changes in foreign currencies related to foreign currency-denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these derivative contracts are recognized in other (expense) income, net, on our Condensed Consolidated Statements of Operations and are largely offset by the remeasurement of the underlying foreign currency-denominated items indicated above. Cash flows from derivative financial instruments not designated as hedges are classified as cash flows from investing activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Interest Rate Swaps

From time to time, we may use interest rate swaps to manage our fixed and floating interest rates on our outstanding indebtedness. At March 31, 2022 and December 31, 2021, we had no outstanding interest rate swaps.

Net Investment Hedge

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The decrease in the translated value of the debt was $3.6 million ($2.7 million, net of tax) as of March 31, 2022 and is reflected in AOCL on our Condensed Consolidated Balance Sheets.

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

Other Derivative Instruments

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and to access international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency.

Fair Value of Derivative Instruments

See Note 15, “Fair Value Measurements, Equity Investments and Other Financial Instruments,” for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

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

(In millions)	Cash Flow Hedge		Non-Designated as Hedging Instruments		Total	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Derivative Assets						
Foreign currency forward contracts and options	$ 1.0	$ 2.0	$ 3.7	$ 1.7	$ 4.7	$ 3.7
Total Derivative Assets	**$ 1.0**	**$ 2.0**	**$ 3.7**	**$ 1.7**	**$ 4.7**	**$ 3.7**
Derivative Liabilities						
Foreign currency forward contracts	$ (1.8)	$ (0.6)	$ (4.2)	$ (1.0)	$ (6.0)	$ (1.6)
Total Derivative Liabilities[(1)]	**$ (1.8)**	**$ (0.6)**	**$ (4.2)**	**$ (1.0)**	**$ (6.0)**	**$ (1.6)**
Net Derivatives[(2)]	**$ (0.8)**	**$ 1.4**	**$ (0.5)**	**$ 0.7**	**$ (1.3)**	**$ 2.1**

(1) Excludes €400.0 million of euro-denominated debt ($445.4 million equivalent at March 31, 2022 and $451.9 million equivalent at December 31, 2021), which is designated as a net investment hedge.

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

(In millions)	Other Current Assets		Other Current Liabilities	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Gross position	$ 4.7	$ 3.7	$ (6.0)	$ (1.6)
Impact of master netting agreements	(3.3)	(0.9)	3.3	0.9
Net amounts recognized on the Condensed Consolidated Balance Sheets	**$ 1.4**	**$ 2.8**	**$ (2.7)**	**$ (0.7)**

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

(In millions)	Location of Gain (Loss) Recognized on Condensed Consolidated Statements of Operations	Amount of Gain (Loss) Recognized in Earnings on Derivatives Three Months Ended March 31, 2022	2021
Derivatives designated as hedging instruments:			
Cash Flow Hedges:			
Foreign currency forward contracts	Cost of sales	$ 1.9	$ (3.4)
Treasury locks	Interest expense, net	0.1	—
Sub-total cash flow hedges		**2.0**	**(3.4)**
Derivatives not designated as hedging instruments:			
Foreign currency forward and option contracts	Other (expense) income, net	(0.1)	2.2
Total		**$ 1.9**	**$ (1.2)**

Note 15 Fair Value Measurements, Equity Investments and Other Financial Instruments

Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels to the fair value hierarchy as follows:

Level 1 - observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 - unobservable inputs for which there is little or no market data, which may require the reporting entity to develop its own assumptions.

The fair value, measured on a recurring basis, of our financial instruments, using the fair value hierarchy under U.S. GAAP, are included in the table below.

	March 31, 2022			
(In millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	**$ 25.5**	$ 25.5	$ —	$ —
Derivative financial and hedging instruments net liability:				
Foreign currency forward contracts	**$ (1.3)**	$ —	$ (1.3)	$ —

	December 31, 2021			
(In millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	**$ 290.0**	$ 290.0	$ —	$ —
Derivative financial and hedging instruments net asset:				
Foreign currency forward contracts	**$ 2.1**	$ —	$ 2.1	$ —

Cash equivalents - Our cash equivalents consisted of bank time deposits. Since these are short-term highly liquid investments with remaining maturities of 3 months or less, they present negligible risk of changes in fair value due to changes in interest rates and are classified as Level 1 financial instruments.

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

Counterparties to these foreign currency forward contracts have at least an investment grade rating. Credit ratings on some of our counterparties may change during the term of our financial instruments. We closely monitor our counterparties' credit ratings and, if necessary, will make any appropriate changes to our financial instruments. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

Foreign currency forward contracts and options are included in Prepaid expenses and other current assets and Other current liabilities on the Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021.

Equity Investments

SEE maintains equity investments in companies which are accounted for under the measurement alternative described in ASC 321-10-35-2 ("ASC 321") for equity investments that do not have readily determinable fair values. We do not exercise significant influence over these companies. The following carrying value of these investments were included within Other non-current assets in our Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021:

(In millions)	March 31, 2022	December 31, 2021
Carrying value at the beginning of period	$ 45.8	$ 25.4
Purchases	—	14.7
Impairments or downward adjustments	(15.5)	—
Upward adjustments	—	6.6
Currency translation on investments	(0.2)	(0.9)
Carrying value at the end of period	**$ 30.1**	**$ 45.8**

We hold an equity investment in an investee that was valued at $31.6 million as of December 31, 2021, which included our cash investments of $7.5 million and $9.0 million made in 2018 and 2021, respectively. Additionally, an upward fair value adjustment of $15.1 million was recorded in the fourth quarter of 2020 based on the valuation of additional equity issued by the investee which was deemed to be an observable transaction of a similar investment under ASC 321. In late March 2022, an impairment indicator was identified based on the announced termination of a planned merger between the investee and a special purpose acquisition company due to unfavorable capital market conditions and the resulting liquidity constraints of the investee. We performed a quantitative assessment, including engaging a third party valuation firm, to determine the fair value of the equity investment. Based on discounted cash flow and market participant data as of March 25, 2022, we concluded that the fair value of the investment was $16.1 million. Key assumptions used to estimate the fair value of the equity investment include the investee's continued revenue growth and the normalization of facility expansion and other operating expenses. We believe the assumptions utilized in the projections are appropriate and in-line with industry estimates. SEE recorded an impairment loss of $15.5 million equal to the difference between the current fair value of the investment and its carrying value at December 31, 2021. The impairment loss in the first quarter of 2022 associated with the equity investment was recorded within Other (expense) income, net on the Condensed Consolidated Statements of Operations. Subsequent to our March 25, 2022 valuation date, the investee obtained additional financing early in the second quarter of 2022.

During the third quarter of 2021, SEE recorded an upward adjustment of $6.6 million based on the valuation of additional equity issued by an investee which was deemed to be an observable transaction of a similar investment under ASC 321. The gain was recorded within Other (expense) income, net on the Condensed Consolidated Statements of Operations.

During the fourth quarter of 2020, SEE made an additional investment in one of our investees of $5.7 million, based on the balance sheet foreign exchange rate as of December 31, 2020. The equity issuance by the investee was subject to customary regulatory and statutory approval which was received during the first quarter of 2021. Upon approval, this investment converted to equity and is held as an equity investment valued under the measurement alternative in ASC 321.

As of March 31, 2022, cumulative upward adjustments to our equity investments were $21.7 million and cumulative impairments or downward adjustments were $15.5 million, resulting in net cumulative upward adjustments of $6.2 million. As of December 31, 2021, cumulative upward adjustments to our equity investments were $21.7 million and there were no cumulative impairments or downward adjustments.

Other Financial Instruments

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

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

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

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

The table below shows the carrying amounts and estimated fair values of our debt, excluding our lease liabilities.

		March 31, 2022		December 31, 2021	
(In millions)	**Interest rate**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Term Loan A Facility due August 2022		$ —	$ —	$ 474.9	$ 474.9
Term Loan A Facility due July 2023[1]		—	—	37.1	37.1
Term Loan A due March 2027[1]		509.4	509.4	—	—
Senior Notes due April 2023	5.250 %	424.0	431.4	423.8	441.9
Senior Notes due September 2023[1]	4.500 %	445.4	462.2	451.9	479.1
Senior Notes due December 2024	5.125 %	423.0	440.4	422.8	455.8
Senior Notes due September 2025	5.500 %	398.3	418.0	398.2	443.3
Senior Secured Notes due October 2026	1.573 %	595.2	545.7	595.0	581.3
Senior Notes due December 2027	4.000 %	421.5	415.3	421.4	443.8
Senior Notes due July 2033	6.875 %	446.3	515.9	446.2	571.9
Other foreign borrowings[1]		1.1	1.1	1.3	1.3
Other domestic borrowings		7.4	7.4	6.7	6.7
Total debt[2]		**$ 3,671.6**	**$ 3,746.8**	**$ 3,679.3**	**$ 3,937.1**

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

(2) The carrying amount and estimated fair value of debt exclude lease liabilities.

Included among our non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis are inventories, property and equipment, goodwill, intangible assets and asset retirement obligations.

Note 16 Defined Benefit Pension Plans and Other Post-Employment Benefit Plans

The following tables show the components of net periodic benefit (income) cost for our defined benefit pension plans for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
(In millions)	U.S.	International	Total	U.S.	International	Total
Components of net periodic benefit (income) cost:						
Service cost	$ —	$ 1.1	$ 1.1	$ —	$ 1.3	$ 1.3
Interest cost	1.0	3.0	4.0	0.9	2.2	3.1
Expected return on plan assets	(2.2)	(5.0)	(7.2)	(2.2)	(4.7)	(6.9)
Amortization of net prior service cost	—	0.1	0.1	—	0.1	0.1
Amortization of net actuarial loss	0.4	1.0	1.4	0.6	1.3	1.9
Net periodic (income) cost	**(0.8)**	**0.2**	**(0.6)**	**(0.7)**	**0.2**	**(0.5)**
Net settlement (credit) cost	—	(0.1)	(0.1)	—	0.1	0.1
Total benefit (income) cost	**$ (0.8)**	**$ 0.1**	**$ (0.7)**	**$ (0.7)**	**$ 0.3**	**$ (0.4)**

The following table shows the components of net periodic benefit cost for our other post-retirement employee benefit plans for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
(In millions)	2022	2021
Components of net periodic benefit cost:		
Interest cost	$ 0.2	$ 0.1
Amortization of net prior service credit and net actuarial gain	(0.1)	(0.1)
Net periodic benefit cost	**$ 0.1**	**$ —**

Note 17 Income Taxes

U.S. Legislation

The American Rescue Plan Act of 2021 (“Rescue Act”) was signed into law on March 11, 2021 and includes additional COVID-19 related tax relief for some individuals and businesses.

The enactment of the Rescue Act did not result in any material adjustments to our income tax provision for the three months ended March 31, 2022 or March 31, 2021.

Effective Income Tax Rate and Income Tax Provision

For interim tax reporting, we estimate one annual effective tax rate for tax jurisdictions not subject to a valuation allowance and apply that rate to the year-to-date ordinary income/(loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

State income taxes, foreign earnings subject to higher tax rates and non-deductible expenses increase the Company's effective income tax rate compared to the U.S. statutory rate of 21.0%. Research and development credits decrease the Company's effective tax rate compared to the U.S. statutory rate of 21.0%.

Our effective income tax rate was 28.4% for the three months ended March 31, 2022. In addition to the above referenced items, the Company's effective income tax rate for the three months ended March 31, 2022 was favorably impacted by share price accretion in equity compensation and unfavorably impacted by accruals for unresolved controversy and nonrecurring intercompany dividend distributions.

Our effective income tax rate was 34.0% for the three months ended March 31, 2021. In addition to the above referenced items, the Company's effective income tax rate for the three months ended March 31, 2021 was unfavorably impacted by changes to foreign statutes.

There was no significant change in our valuation allowances for the three months ended March 31, 2022 and 2021.

We reported a net increase in unrecognized tax positions of $6.3 million and $5.0 million, respectively, for the three months ended March 31, 2022, and March 31, 2021 primarily related to interest accruals on existing uncertain tax positions. We are not currently able to reasonably estimate the amount by which the liability for unrecognized tax positions may increase or decrease as a result of future tax controversy developments or resolution. Interest and penalties on tax assessments are included in Income tax provision on our Condensed Consolidated Statements of Operations.

The IRS completed its field examination of the U.S. federal income tax returns for the 2011-2014 tax years in the third quarter of 2020. As previously disclosed, the IRS has proposed to disallow, for the 2014 taxable year, the entirety of the deduction of the approximately $1.49 billion settlement payment made pursuant to the Settlement agreement (as defined in Note 18, “Commitments and Contingencies”) and the resulting reduction of our U.S. federal tax liability by approximately $525 million. We continue to believe that we have meritorious defenses to the proposed disallowance and have filed a protest with the IRS. The proposed disallowance is being reviewed by the IRS Independent Office of Appeals and we cannot predict the outcome of such review or when it will be concluded. It is possible that future developments in this matter could have a material impact on the Company's uncertain tax position balances and results of operations, including cash flows, within the next twelve months.

We have no outstanding liability with respect to the one-time mandatory tax on previously deferred foreign earnings of foreign subsidiaries provision (“Transition Tax”) associated with the Tax Cuts and Jobs Act of 2017.

Note 18 Commitments and Contingencies

Settlement Agreement Tax Deduction

On March 31, 1998, the Company completed a multi-step transaction (the “Cryovac transaction”) involving W.R. Grace & Co. (“Grace”) which brought the Cryovac packaging business and the former Sealed Air’s business under the common ownership of the Company. As part of that transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction (including asbestos-related liabilities), other than liabilities relating to Cryovac’s operations, and agreed to indemnify the Company with respect to such retained liabilities. Beginning in 2000, we were served with a number of lawsuits alleging that the Cryovac transaction was a fraudulent transfer or gave rise to successor liability or both, and that, as a result, we were responsible for alleged asbestos liabilities of Grace and its subsidiaries. On April 2, 2001, Grace and a number of its subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). In connection with Grace’s Chapter 11 case, the Bankruptcy Court granted the official committees appointed to represent asbestos claimants in Grace’s Chapter 11 case (the “Committees”) permission to pursue against the Company and its subsidiary Cryovac, Inc. fraudulent transfer, successor liability, and other claims based upon the Cryovac transaction. In November 2002, we reached an agreement in principle with the Committees to resolve all current and future asbestos-related claims made against us and our affiliates, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies, in each case, in connection with the Cryovac transaction. A definitive settlement agreement was entered into in 2003 and approved by the Bankruptcy Court in 2005 (such agreement, the "Settlement agreement"). The Settlement agreement was subsequently incorporated into the plan of reorganization for Grace (the "Plan") and the Plan was confirmed by the Bankruptcy Court in 2011 and the U.S. District Court in 2012.

On February 3, 2014 (the “Effective Date”), the Plan implementing the Settlement agreement became effective with Grace emerging from bankruptcy and the injunctions and releases provided by the Plan becoming effective. On the Effective Date, the Company’s subsidiary, Cryovac, Inc., made the payments contemplated by the Settlement agreement, consisting of aggregate cash payments in the amount of $929.7 million to the WRG Asbestos PI Trust (the “PI Trust”) and the WRG Asbestos PD Trust (the “PD Trust”) and the transfer of 18 million shares of Sealed Air common stock (the “Settlement Shares”) to the PI Trust, in each case, reflecting adjustments made in accordance with the Settlement agreement.

The IRS completed its field examination of our U.S. federal income tax returns for the years 2011 through 2014 in the third quarter of 2020. As previously disclosed, the IRS has proposed to disallow for the 2014 taxable year the entirety of the deduction of the approximately $1.49 billion settlement payments made pursuant to the Settlement agreement and the resulting reduction of our U.S. federal tax liability by approximately $525 million. We continue to believe that we have meritorious defenses to the proposed disallowance and have filed a protest with the IRS. The proposed disallowance is being reviewed by the IRS Independent Office of Appeals and we cannot predict the outcome of such review or when it will be concluded. It is possible that future developments in this matter could have a material impact on the Company's uncertain tax position balances and results of operations, including cash flows, within the next twelve months.

Environmental Matters

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

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

Guarantees and Indemnification Obligations

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

- indemnities in connection with the sale of businesses, primarily related to the sale of Diversey in 2017. Our indemnity obligations under the relevant agreements may be limited in terms of time, amount or scope. As it relates to certain income tax related liabilities, the relevant agreements may not provide any cap for such liabilities, and the period in which we would be liable would lapse upon expiration of the statute of limitation for assessment of the underlying taxes. Because of the conditional nature of these obligations and the unique facts and circumstances involved in each particular agreement, we are unable to reasonably estimate the potential maximum exposure associated with these items;
- product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products will conform to specifications. We generally do not establish a liability for product warranty based on a percentage of sales or other formula. We accrue a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and annual expense related to product warranties are immaterial to our consolidated financial position and results of operations; and
- licenses of intellectual property by us to third parties in which we have agreed to indemnify the licensee against third-party infringement claims.

As of March 31, 2022, the Company has no reason to believe a loss exceeding amounts already recognized would be incurred.

Other Matters

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

Note 19 Stockholders' Equity

Repurchase of Common Stock

On August 2, 2021, the Board of Directors approved a new share repurchase program of $1.0 billion. This current program has no expiration date and replaced all previous authorizations. As of March 31, 2022, there was $696.4 million remaining under the current authorized program. Share repurchases made prior to August 2, 2021 were under previous Board of Directors share repurchase authorizations, specifically the $1.5 billion authorization made in July 2015, the $1.5 billion authorization made in March 2017 and the $1.0 billion authorization made in May 2018.

During the three months ended March 31, 2022, we repurchased 3,042,696 shares, for approximately $200.0 million, with an average share price of $65.74.

During the three months ended March 31, 2021, we repurchased 3,925,034 shares for approximately $175.4 million, with an average share price of $44.70. Cash outlay for share repurchases during the three months ended March 31, 2021 also includes $1.6 million for 35,100 shares purchased in the fourth quarter 2020 and settled in the first quarter 2021.

These repurchases were made under open market transactions, including through plans complying with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, and pursuant to the share repurchase program previously authorized by our Board of Directors.

Dividends

On February 25, 2022, our Board of Directors declared a quarterly cash dividend of $0.20 per common share, or $29.4 million, which was paid on March 25, 2022, to stockholders of record at the close of business on March 11, 2022.

The dividends paid during the three months ended March 31, 2022 were recorded as a reduction to cash and cash equivalents and retained earnings on our Condensed Consolidated Balance Sheets. Our credit facility and our senior notes contain covenants that restrict our ability to declare or pay dividends. However, we do not believe these covenants are likely to materially limit the future payment of quarterly cash dividends on our common stock. From time to time, we may consider other means of returning value to our stockholders based on our Condensed Consolidated Statements of Operations. There is no guarantee that our Board of Directors will declare any future dividends.

Share-based Compensation

In 2014, the Board of Directors adopted, and our stockholders approved, the 2014 Omnibus Incentive Plan (“Omnibus Incentive Plan”). Under the Omnibus Incentive Plan, the maximum number of shares of Common Stock authorized was 4,250,000, plus total shares available to be issued as of May 22, 2014 under the 2002 Directors Stock Plan and the 2005 Contingent Stock Plan (collectively, the “Predecessor Plans”). The Omnibus Incentive Plan replaced the Predecessor Plans and no further awards were granted under the Predecessor Plans. The Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance share units known as PSU awards, other stock awards and cash awards to officers, non-employee directors, key employees, consultants and advisors.

In 2018, the Board of Directors adopted, and our shareholders approved, an amendment and restatement to the Omnibus Incentive Plan. The amendment added 2,199,114 shares of common stock to the share pool previously available under the Omnibus Incentive Plan.

Additionally, in 2021, the Board of Directors adopted, and at the 2021 Annual Stockholders' Meeting our shareholders approved, an additional amendment and restatement to the Omnibus Incentive Plan. The amended plan added 2,999,054 shares of common stock to the share pool previously available under the Omnibus Incentive Plan.

We record share-based incentive compensation expense in selling, general and administrative expenses and cost of sales on our Condensed Consolidated Statements of Operations for both equity-classified and liability-classified awards. We record a corresponding credit to additional paid-in capital within stockholders’ equity for equity-classified awards, and to either other current liabilities or other non-current liabilities for liability-classified awards based on the fair value of the share-based incentive compensation awards at the date of grant. Total expense for the liability-classified awards continues to be remeasured to fair value at the end of each reporting period. We recognize an expense or credit reflecting the straight-line recognition, net of estimated forfeitures, of the expected cost of the program. The number of PSUs earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met.

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

	Three Months Ended March 31,	
(In millions)	**2022**	**2021**
Total share-based incentive compensation expense[(1)]	**$ 17.9**	**$ 11.5**

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(1) The amounts presented above do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock, however, the amounts include the expense related to share based awards that are settled in cash.

<u>*Performance Share Units (“PSU”) Awards*</u>

During the first 90 days of each year, the Organization and Compensation (“O&C”) Committee of our Board of Directors approves PSU awards for our executive officers and other selected employees, which include for each participant a target number of shares of common stock and the performance goals and measures that will determine the percentage of the target award that is earned following the end of the three-year performance period. Following the end of the performance period, in addition to shares earned, participants will also receive a cash payment in the amount of the dividends (without interest) that would have been paid during the performance period on the number of shares that they have earned. Each PSU is subject to forfeiture if the recipient terminates employment with the Company prior to the end of the three-year award performance period for any reason other than death, disability or retirement. In the event of death, disability or retirement, a participant will receive a prorated payment based on such participant’s number of days of service during the award performance period, further adjusted based on the achievement of the performance goals during the award performance period. PSUs are classified as equity in the Condensed Consolidated Balance Sheets, with the exception of awards that are required by local laws or regulations to be settled in cash. These are classified as either other current liabilities or other non-current liabilities in the Condensed Consolidated Balance Sheets.

2022 Three-year PSU Awards

During the first quarter 2022, the O&C Committee approved awards with a three-year performance period beginning January 1, 2022 and ending December 31, 2024 for executive officers and other selected employees. The O&C Committee established performance goals, which are (i) three-year cumulative average growth rate (“CAGR”) of consolidated Adjusted EBITDA weighted at 50%, and (ii) Return on Invested Capital (“ROIC”) weighted at 50%. Calculation of final achievement on each performance metric is subject to an upward or downward adjustment of up to 25% of the overall combined achievement percentage, based on the results of a relative total shareholder return (“TSR”) modifier. The comparator group for the relative TSR modifier is S&P 500 component companies as of the beginning of the performance period. Shareholder return in the top quartile of the comparator group increases overall achievement of performance metrics by 25%, while shareholder return in the bottom quartile of the comparator group decreases overall achievement of the performance metrics by 25%. The total number of shares to be issued, including the modifier, for these awards can range from zero to 250% of the target number of shares.

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

	Adjusted EBITDA CAGR	ROIC
February 24, 2022 grant date		
Number of units granted	72,308	72,308
Fair value on grant date (per unit)	$ 70.92	$ 70.92
March 1, 2022 grant date		
Number of units granted	16,766	16,766
Fair value on grant date (per unit)	$ 69.71	$ 69.71

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

	February 24, 2022 grant date	March 1, 2022 grant date
Expected price volatility	37.4 %	37.7 %
Risk-free interest rate	1.7 %	1.5 %

2019 Three-year PSU Awards

In February 2022, the O&C Committee reviewed the performance results for the 2019-2021 PSUs. Performance goals for these PSUs were based on Adjusted EBITDA margin, ROIC and the Company's TSR ranking relative to a group of peer companies. Based on overall performance for 2019-2021 PSUs, these awards paid out at 132.5% of target or 274,296 units. Of this, 110,529 units were withheld to cover employee tax withholding and 2,478 units were designated as cash-settled awards, resulting in net share issuances of 161,289.

Note 20 Accumulated Other Comprehensive Loss

The following table provides details of comprehensive (loss) income for the three months ended March 31, 2022 and 2021:

(In millions)	Unrecognized Pension Items	Cumulative Translation Adjustment[1]	Unrecognized Losses on Derivative Instruments for net investment hedge	Unrecognized Gains on Derivative Instruments for cash flow hedge	Accumulated Other Comprehensive Loss, Net of Taxes
Balance at December 31, 2021	$ (137.5)	$ (760.5)	$ (38.3)	$ 2.4	$ (933.9)
Other comprehensive (loss) income before reclassifications	(0.2)	3.5	5.0	0.2	8.5
Less: amounts reclassified from accumulated other comprehensive loss	1.0	—	—	(1.7)	(0.7)
Net current period other comprehensive income (loss)	0.8	3.5	5.0	(1.5)	7.8
Balance at March 31, 2022	**$ (136.7)**	**$ (757.0)**	**$ (33.3)**	**$ 0.9**	**$ (926.1)**
Balance at December 31, 2020	$ (172.5)	$ (721.7)	$ (67.5)	$ (1.8)	$ (963.5)
Other comprehensive (loss) income before reclassifications	(1.7)	(25.2)	17.5	(0.2)	(9.6)
Less: amounts reclassified from accumulated other comprehensive loss	1.5	—	—	2.0	3.5
Net current period other comprehensive (loss) income	(0.2)	(25.2)	17.5	1.8	(6.1)
Balance at March 31, 2021	**$ (172.7)**	**$ (746.9)**	**$ (50.0)**	**$ —**	**$ (969.6)**

(1) Includes gains and losses on intra-entity foreign currency transactions. The intra-entity currency translation adjustment was $16.9 million and $19.9 million for the three months ended March 31, 2022 and 2021, respectively.

The following table provides detail of amounts reclassified from AOCL:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Location of Amount Reclassified from AOCL
Defined benefit pension plans and other post-employment benefits:			
Net settlement credit (cost)	$ 0.1	$ (0.1)	
Actuarial losses	(1.4)	(1.9)	
Total pre-tax amount	(1.3)	(2.0)	Other (expense) income, net
Tax benefit	0.3	0.5	
Net of tax	(1.0)	(1.5)	
Net gains (losses) on cash flow hedging derivatives:[1]			
Foreign currency forward contracts	1.9	(3.4)	Cost of sales
Treasury locks	0.1	—	Interest expense, net
Total pre-tax amount	2.0	(3.4)	
Tax (expense) benefit	(0.3)	1.4	
Net of tax	1.7	(2.0)	
Total reclassifications for the period	**$ 0.7**	**$ (3.5)**	

(1) These accumulated other comprehensive components are included in our derivative and hedging activities. See Note 14, “Derivatives and Hedging Activities,” for additional details.

Note 21 Other (Expense) Income, net

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

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net foreign exchange transaction (loss) gain	$ (0.5)	$ 1.0
Bank fee expense	(1.1)	(1.3)
Pension income other than service costs	1.3	1.2
Impairment of equity investment[1]	(15.5)	—
Foreign currency exchange loss due to highly inflationary economies	(1.0)	(1.4)
Loss on debt redemption and refinancing activities	(0.7)	—
Other income	4.7	2.7
Other (expense)	(1.4)	(1.2)
Other (expense) income, net	**$ (14.2)**	**$ 1.0**

(1) For the three months ended March 31, 2022, SEE recorded an impairment loss of $15.5 million on an equity investment. See Note 15, "Fair Value Measurements, Equity Investments and Other Financial Instruments," for further details.

Note 22 Net Earnings Per Common Share

The following table shows the calculation of basic and diluted net earnings per common share:

(In millions, except per share amounts)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Basic Net Earnings Per Common Share:		
Numerator:		
Net earnings	$ 149.2	$ 110.1
Distributed and allocated undistributed net earnings to unvested restricted stockholders	—	—
Net earnings available to common stockholders	**$ 149.2**	**$ 110.1**
Denominator:		
Weighted average number of common shares outstanding - basic	147.6	154.1
Basic net earnings per common share:		
Basic net earnings per common share	**$ 1.01**	**$ 0.71**
Diluted Net Earnings Per Common Share:		
Numerator:		
Net earnings available to common stockholders	**$ 149.2**	**$ 110.1**
Denominator:		
Weighted average number of common shares outstanding - basic	147.6	154.1
Effect of dilutive stock shares and units	1.9	1.3
Weighted average number of common shares outstanding - diluted under treasury stock	**149.5**	**155.4**
Diluted net earnings per common share	**$ 1.00**	**$ 0.71**

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

The information in our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with our Condensed Consolidated Financial Statements and related notes set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q, our MD&A set forth in Item 7 of Part II of our 2021 Form 10-K and our Consolidated Financial Statements and related notes set forth in Item 8 of Part II of our 2021 Form 10-K. See "Cautionary Notice Regarding Forward-Looking Statements" above, and the information referenced therein, for a description of risks that we face and important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. All amounts and percentages are approximate due to rounding and all dollars are in millions, except per share amounts or where otherwise noted. When we cross-reference to a "Note," we are referring to our "Notes to Condensed Consolidated Financial Statements," unless the context indicates otherwise.

Recent Events and Trends

Supply Disruptions, Raw Material Price Increases and Other Inflationary Pressure

In the first quarter of 2022, the Company continued to experience supply chain disruptions and sharp raw material price increases resulting from various factors including general inflationary pressure, limited availability of certain raw materials and equipment components, and global transportation disruptions. The ongoing conflict between Russia and Ukraine also contributed to the current environment. See Part II, Item 1A, "Risk Factors," for information concerning the risks related to the Russia and Ukraine conflict.

In addition, we continue to incur high freight costs associated with the sourcing and movement of raw materials due to overall tight market conditions, as well as increased labor and other costs due to general inflationary pressure.

We expect the current environment will continue to negatively impact the price and supply of raw materials, as well as other operating costs. We have implemented price increases since 2021 in response to the inflationary pressure and supply disruptions. As a result, cost of sales as a percent of net sales has decreased from 68.3% for the three months ended March 31, 2021 to 66.4% for the three months ended March 31, 2022.

We are working closely with our customers and have been leveraging our global supply network and supplier relationships and implementing material substitution where available to meet customers' demands and mitigate supply continuity risks. However, we expect the current environment will continue to negatively impact the price and supply of raw materials, as well as other operating costs. Additionally, the supply disruptions may result in longer lead times for some of our customers, the loss and/or delay of sales, or the inability to fulfill customer orders. Any of these developments may have a material adverse impact on our consolidated financial condition, results of operations, or cash flows.

Refer to Part I, Item 1A, "Risk Factors," in our 2021 Form 10-K for information concerning operational risks, including customer responses to price increases, raw material pricing and availability.

Impact of COVID-19

Our diverse end-markets and geographies continue to experience varying degrees of impact from COVID-19. The food service market, including restaurants, entertainment venues and hotels, experienced higher activity in first quarter 2022 as compared to the prior year when it was more adversely impacted by government mandated shut-downs and social distancing measures. This has resulted in year-over-year volume growth for many of our products that support this market. However, the environment remains volatile, and we cannot predict the future impact on the market segments we serve.

We cannot predict the impact on the markets we serve due to the continued impact of the COVID-19 pandemic or future restrictions on commercial activities by governmental agencies to limit the spread of the virus, including new variants. For example, the recent increase of COVID-19 cases in certain regions of China and the resulting restrictions have impacted our operations in China, including temporary shutdowns and production curtailments. Future developments of the pandemic, including disparity in areas of significant regional spread compared to areas with higher vaccination availability and rates, may cause uneven impacts to our geographies around the world.

Non-U.S. GAAP Information

We present financial information that conforms to U.S. GAAP. We also present financial information that does not conform to U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP financial measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. Non-U.S. GAAP financial measures also provide management with additional means to understand and evaluate the core operating results and trends in our ongoing business by eliminating certain expenses and/or gains (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and peers more difficult, obscure trends in ongoing operations or reduce management's ability to make useful forecasts. Non-U.S. GAAP information does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Investors are cautioned against placing undue reliance on these non-U.S. GAAP financial measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures, described below.

The non-U.S. GAAP financial metrics exclude certain specified items ("Special Items"), including restructuring charges and restructuring associated costs, adjustments in the valuation of our "SEE Ventures" portfolio (which may include debt or equity investments), and other charges related to acquisitions and divestitures, gains and losses related to acquisitions and divestitures, special tax items or tax benefits (collectively, "Tax Special Items") and certain other items. We evaluate unusual or Special Items on an individual basis. Our evaluation of whether to exclude an unusual or special item for purposes of determining our non-U.S. GAAP financial measures considers both the quantitative and qualitative aspects of the item, including among other things (i) its nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis.

When we present non-U.S. GAAP forward-looking guidance, we do not also provide guidance for the most directly comparable U.S. GAAP financial measures, as they are not available without unreasonable effort due to the high variability, complexity, and low visibility with respect to certain Special Items, including gains and losses on the disposition of businesses, the ultimate outcome of certain legal or tax proceedings, foreign currency gains or losses resulting from the volatile currency market in Argentina, and other unusual gains and losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of Special Items. Management uses Adjusted EBITDA as one of many measures to assess the performance of the business. Additionally, Adjusted EBITDA is the performance metric used by the Company's chief operating decision maker to evaluate performance of our reportable segments. Adjusted EBITDA is also a metric used to determine performance in the Company's Annual Incentive Plan. We do not believe there are estimates underlying the calculation of Adjusted EBITDA, other than those inherent in our U.S. GAAP results of operations, which would render the use and presentation of Adjusted EBITDA misleading. While the nature and amount of individual Special Items vary from period to period, we believe our calculation of Adjusted EBITDA is applied consistently to all periods and, in conjunction with other U.S. GAAP and non-U.S. GAAP financial measures, Adjusted EBITDA provides a useful and consistent comparison of our Company's performance to other periods.

The following table shows a reconciliation of U.S. GAAP Net Earnings from continuing operations to non-U.S. GAAP Consolidated Adjusted EBITDA from continuing operations:

(In millions)	Three Months Ended March 31, 2022	2021
Net earnings from continuing operations	$ 149.6	$ 105.8
Interest expense, net	38.9	43.1
Income tax provision	59.4	54.6
Depreciation and amortization	63.2	56.9
Special Items:		
Restructuring charges	0.5	—
Other restructuring associated costs[(1)]	3.1	5.3
Foreign currency exchange loss due to highly inflationary economies	1.0	1.4
Loss on debt redemption and refinancing activities	0.7	—
Impairment of equity investment	15.5	—
Charges related to acquisition and divestiture activity	(0.9)	0.3
Other Special Items[(2)]	(4.1)	0.8
Pre-tax impact of Special Items	15.8	7.8
Non-U.S. GAAP Consolidated Adjusted EBITDA from continuing operations	**$ 326.9**	**$ 268.2**

(1) Restructuring associated costs for the three months ended March 31, 2022 primarily relate to fees paid to third-party consultants in support of the Reinvent SEE business transformation. Restructuring associated costs for the three months ended March 31, 2021, primarily relate to a one-time, non-cash CTA loss recognized due to the wind-up of one of our legal entities as well as fees paid to third-party consultants in support of the Reinvent SEE business transformation.

(2) Other Special Items for the three months ended March 31, 2022 primarily relate to a one-time gain on the disposal of land in the UK.

The Company may also assess performance using Adjusted EBITDA Margin. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net sales. We believe that Adjusted EBITDA Margin is a useful measure to assess the profitability of sales made to third parties and the efficiency of our core operations.

Adjusted Net Earnings and Adjusted Earnings Per Share

Adjusted Net Earnings and Adjusted Earnings Per Share (“Adjusted EPS”) are also used by the Company to measure total company performance. Adjusted Net Earnings is defined as U.S. GAAP net earnings from continuing operations excluding the impact of Special Items. Adjusted EPS is defined as our Adjusted Net Earnings divided by the number of diluted shares outstanding. We believe that Adjusted Net Earnings and Adjusted EPS are useful measurements of Company performance, along with other U.S. GAAP and non-U.S. GAAP financial measures, because they incorporate non-cash items of depreciation and amortization, including stock-based compensation, which impact the overall performance and net earnings of our business. Additionally, Adjusted Net Earnings and Adjusted EPS reflect the impact of our Adjusted Tax Rate and interest expense on a net and per share basis. While the nature and amount of individual Special Items vary from period to period, we believe our calculation of Adjusted Net Earnings and Adjusted EPS is applied consistently to all periods and, in conjunction with other U.S. GAAP and non-U.S. GAAP financial measures, Adjusted Net Earnings and Adjusted EPS provide a useful and consistent comparison of our Company's performance to other periods.

The following table shows a reconciliation of U.S. GAAP Net Earnings and Diluted Earnings per Share from continuing operations to non-U.S. GAAP Adjusted Net Earnings and Adjusted EPS from continuing operations.

	Three Months Ended March 31,			
	2022		2021	
(In millions, except per share data)	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
U.S. GAAP net earnings and diluted EPS from continuing operations	**$ 149.6**	**$ 1.00**	**$ 105.8**	**$ 0.68**
Special Items[(1)]	18.5	0.12	16.0	0.10
Non-U.S. GAAP adjusted net earnings and adjusted diluted EPS from continuing operations	**$ 168.1**	**$ 1.12**	**$ 121.8**	**$ 0.78**
Weighted average number of common shares outstanding - Diluted		**149.5**		**155.4**

(1) Includes pre-tax Special Items, plus/less Tax Special Items and the tax impact of Special Items as seen in the following calculation of non-U.S. GAAP Adjusted income tax rate.

Adjusted Tax Rate

We also present our adjusted income tax rate (“Adjusted Tax Rate”). The Adjusted Tax Rate is a measure of our U.S. GAAP effective tax rate, adjusted to exclude the tax impact from the Special Items that are excluded from our Adjusted Net Earnings and Adjusted EPS metrics as well as expense or benefit from any special taxes or Tax Special Items. The Adjusted Tax Rate is an indicator of the taxes on our core business. The tax circumstances and effective tax rate in the specific countries where the Special Items occur will determine the impact (positive or negative) to the Adjusted Tax Rate. While the nature and amount of Tax Special Items vary from period to period, we believe our calculation of the Adjusted Tax Rate is applied consistently to all periods and, in conjunction with our U.S. GAAP effective income tax rate, the Adjusted Tax Rate provides a useful and consistent comparison of the impact that tax expense has on our Company's performance.

The following table shows our calculation of the non-U.S. GAAP Adjusted income tax rate:

	Three Months Ended March 31,	
(In millions)	2022	2021
U.S. GAAP Earnings before income tax provision from continuing operations	$ 209.0	$ 160.4
Pre-tax impact of Special Items	15.8	7.8
Non-U.S. GAAP Adjusted Earnings before income tax provision from continuing operations	**$ 224.8**	**$ 168.2**
U.S. GAAP Income tax provision from continuing operations	$ 59.4	$ 54.6
Tax Special Items[(1)]	(6.7)	(9.1)
Tax impact of Special Items[(2)]	4.0	0.9
Non-U.S. GAAP Adjusted Income tax provision from continuing operations	**$ 56.7**	**$ 46.4**
U.S. GAAP Effective income tax rate	28.4 %	34.0 %
Non-U.S. GAAP Adjusted income tax rate	25.2 %	27.6 %

(1) For the three months ended March 31, 2022, Tax Special Items reflect accruals for unresolved controversy and nonrecurring intercompany dividend distributions. For the three months ended March 31, 2021, Tax Special Items reflect accruals for unresolved tax controversy and changes to foreign statutes.

(2) The tax rate used to calculate the tax impact of Special Items is based on the jurisdiction in which the item was recorded.

Organic and Constant Dollar Measures

In our “Net Sales by Geographic Region,” “Net Sales by Segment,” and in some of the discussions and tables that follow, we exclude the impact of foreign currency translation when presenting net sales information, which we define as “constant dollar”, and we exclude acquisitions in the first year after closing, divestiture activity from the time of sale, and the impact of foreign currency translation when presenting net sales information, which we define as “organic.” Changes in net sales excluding the impact of foreign currency translation and/or acquisition and divestiture activity are non-U.S. GAAP financial measures. As a worldwide business, it is important that we consider the effects of foreign currency translation when we view our results and plan our strategies. Nonetheless, we cannot control changes in foreign currency exchange rates. Consequently, when our management analyzes our financial results including performance metrics such as sales, cost of sales or selling, general and administrative expense, to measure the core performance of our business, we may exclude the impact of foreign currency translation by translating our current period results at prior period foreign currency exchange rates. We also may exclude the impact of foreign currency translation when making incentive compensation determinations. As a result, our management believes that these presentations are useful internally and may be useful to investors.

Refer to these specific tables presented later in our MD&A for reconciliations of these non-U.S. GAAP financial measures to their most directly comparable U.S. GAAP measures.

Free Cash Flow

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

Refer to the specific tables presented later in our MD&A under *Analysis of Historical Cash Flow* for reconciliations of this non-U.S. GAAP financial measure to its most directly comparable U.S. GAAP measure

Net Debt

In addition to total debt, we use Net Debt, which we define as total debt less cash and cash equivalents, as a useful measure of our total debt exposure. Net Debt is not defined under U.S. GAAP. Therefore, Net Debt should not be considered a substitute for amounts owed to creditors or other balance sheet information prepared in accordance with U.S. GAAP, and it may not be comparable to similarly titled measures used by other companies.

Refer to the specific table presented later in our MD&A under *Outstanding Indebtedness* for reconciliation of this non-U.S. GAAP financial measure to its most directly comparable U.S. GAAP measure.

Highlights of Financial Performance

Below are the highlights of our financial performance for the three months ended March 31, 2022 and 2021:

(In millions, except per share amounts)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	% Change
Net sales	$ 1,417.6	$ 1,267.1	11.9 %
Gross profit	$ 477.0	$ 401.1	18.9 %
As a % of net sales	*33.6 %*	*31.7 %*	
Operating profit	$ 262.1	$ 202.5	29.4 %
As a % of net sales	*18.5 %*	*16.0 %*	
Net earnings from continuing operations	$ 149.6	$ 105.8	41.4 %
(Loss) Gain on sale of discontinued operations, net of tax	(0.4)	4.3	#
Net earnings	**$ 149.2**	**$ 110.1**	35.5 %
Basic:			
Continuing operations	$ 1.01	$ 0.68	48.5 %
Discontinued operations	—	0.03	#
Net earnings per common share - basic	**$ 1.01**	**$ 0.71**	42.3 %
Diluted:			
Continuing operations	$ 1.00	$ 0.68	47.1 %
Discontinued operations	—	0.03	#
Net earnings per common share - diluted	**$ 1.00**	**$ 0.71**	40.8 %
Weighted average numbers of common shares outstanding:			
Basic	147.6	154.1	
Diluted	149.5	155.4	
Non-U.S. GAAP Consolidated Adjusted EBITDA from continuing operations[1]	$ 326.9	$ 268.2	21.9 %
Non-U.S. GAAP Adjusted EPS from continuing operations[2]	$ 1.12	$ 0.78	43.5 %

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

(1) See "Non-U.S. GAAP Information" for a reconciliation of U.S. GAAP net earnings from continuing operations to non-U.S. GAAP Consolidated Adjusted EBITDA from continuing operations.

(2) See "Non-U.S. GAAP Information" for a reconciliation of U.S. GAAP net earnings and diluted earnings per share from continuing operations to our non-U.S. GAAP Adjusted Net Earnings and Adjusted EPS from continuing operations.

Foreign Currency Translation Impact on Condensed Consolidated Financial Results

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

The following table presents the approximate favorable or (unfavorable) impact that foreign currency translation had on certain components of condensed consolidated financial results:

(In millions)	Three Months Ended March 31, 2022
Net sales	$ (34.5)
Cost of sales	24.6
Selling, general and administrative expenses	3.7
Net earnings	(4.5)
Non-U.S. GAAP Adjusted EBITDA	(7.1)

Net Sales by Geographic Region

The following table presents the components of the change in net sales by geographic region for the three months ended March 31, 2022 compared with the same period in 2021.

	Three Months Ended March 31,							
(In millions)	Americas		EMEA		APAC		Total	
2021 Net Sales	$ 787.9	62.2 %	$ 281.3	22.2 %	$ 197.9	15.6 %	$ 1,267.1	100.0 %
Price	169.1	21.4 %	28.2	10.0 %	6.3	3.2 %	203.6	16.1 %
Volume[1]	(11.2)	(1.4) %	2.8	1.0 %	1.0	0.5 %	(7.4)	(0.6) %
Total organic change (non-U.S. GAAP)	157.9	20.0 %	31.0	11.0 %	7.3	3.7 %	196.2	15.5 %
(Divestiture) Acquisition	(12.3)	(1.5) %	1.1	0.4 %	—	— %	(11.2)	(0.9) %
Total constant dollar change (non-U.S. GAAP)	145.6	18.5 %	32.1	11.4 %	7.3	3.7 %	185.0	14.6 %
Foreign currency translation	(3.3)	(0.4) %	(22.2)	(7.9) %	(9.0)	(4.6) %	(34.5)	(2.7) %
Total change (U.S. GAAP)	**142.3**	**18.1 %**	**9.9**	**3.5 %**	**(1.7)**	**(0.9)%**	**150.5**	**11.9 %**
2022 Net Sales	**$ 930.2**	65.6 %	**$ 291.2**	20.6 %	**$ 196.2**	13.8 %	**$ 1,417.6**	100.0 %

(1) Our volume reported above includes the net impact of changes in unit volume as well as the period-to-period change in the mix of products sold.

Net Sales by Segment

The following table presents the components of change in net sales by reportable segment for the three months ended March 31, 2022 compared with the same period in 2021.

	Three Months Ended March 31,					
(In millions)	**Food**		**Protective**		**Total Company**	
2021 Net Sales	$ 702.2	55.4 %	$ 564.9	44.6 %	$ 1,267.1	100.0 %
Price	116.7	16.6 %	86.9	15.4 %	203.6	16.1 %
Volume[1]	10.7	1.5 %	(18.1)	(3.2) %	(7.4)	(0.6) %
Total organic change (non-U.S. GAAP)	127.4	18.1 %	68.8	12.2 %	196.2	15.5 %
Acquisition (Divestiture)	1.1	0.2 %	(12.3)	(2.2) %	(11.2)	(0.9) %
Total constant dollar change (non-U.S. GAAP)	128.5	18.3 %	56.5	10.0 %	185.0	14.6 %
Foreign currency translation	(23.0)	(3.3) %	(11.5)	(2.0) %	(34.5)	(2.7) %
Total change (U.S. GAAP)	**105.5**	**15.0 %**	**45.0**	**8.0 %**	**150.5**	**11.9 %**
2022 Net Sales	**$ 807.7**	57.0 %	**$ 609.9**	43.0 %	**$ 1,417.6**	100.0 %

(1) Our volume reported above includes the net impact of changes in unit volume as well as the period-to-period change in the mix of products sold.

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

Food

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

As reported, net sales increased by $106 million, or 15%, in 2022 compared with 2021. Foreign currency had a negative impact of $23 million, or 3%. On a constant dollar basis, net sales increased by $129 million, or 18%, compared with 2021, primarily due to the following:

- favorable pricing of $117 million, primarily in the Americas, from the carryover impact of pricing actions in 2021, including the impact of formula-based pricing, to offset rising input costs. U.S. dollar-based indexed pricing in South America also contributed to the favorable pricing impact; and
- higher volumes of $11 million, mainly driven by food service recovery.

Protective

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

As reported, net sales increased by $45 million, or 8%, in 2022 as compared to 2021. Foreign currency had a negative impact of $12 million, or 2%. On a constant dollar basis, net sales increased by approximately $57 million, or 10%, in 2022 compared with 2021, primarily due to the following:

- favorable pricing of $87 million, primarily in the Americas, from the carryover impact of pricing actions in 2021 to offset rising input costs.

This increase was partially offset by:

- lower volumes of $18 million across all regions, primarily due to normalizing demand trends in industrial and fulfillment markets; and
- divestiture impact of $12 million.

Cost of Sales

Cost of sales for the three months ended March 31, 2022 and 2021 were as follows:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	% Change
Cost of sales	940.6	866.0	8.6 %
As a % of net sales	66.4 %	68.3 %	

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

As reported, cost of sales increased by $75 million, or 9%, in 2022 compared to 2021. Cost of sales was impacted by favorable foreign currency translation of $25 million. As a percentage of net sales, cost of sales decreased by 190 basis points, from 68.3% in 2021 to 66.4% in 2022, primarily driven by pricing realization. Improvements were partially offset by raw materials price increases and other inflationary non-material and labor cost increases.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended March 31, 2022 and 2021 were as follows:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	% Change
Selling, general and administrative expenses	$ 205.0	$ 188.9	8.5 %
As a % of net sales	14.5 %	14.9 %	

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

As reported, SG&A expenses increased by $16 million, or 9%, in 2022 compared to 2021. SG&A expenses were favorably impacted by foreign currency translation of $4 million. On a constant dollar basis, SG&A expenses increased by $20 million or 11%. The increase in SG&A expenses was primarily due to higher incentive compensation expenses, labor inflation and higher professional service fees.

Amortization Expense of Intangible Assets

Amortization expense of intangible assets for the three months ended March 31, 2022 and 2021 was as follows:

(In millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	% Change
Amortization expense of intangible assets	$ 9.4	$ 9.7	(3.1)%
As a % of net sales	0.7 %	0.8 %	

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

Amortization expense of intangible assets decreased less than $1 million in 2022 compared to 2021. The decrease was primarily due to lower amortization of capitalized software.

Reinvent SEE Business Transformation and Restructuring Activities

See Note 12, "Restructuring Activities" for additional details regarding the Company's restructuring programs discussed below.

In December 2018, the Sealed Air Board of Directors approved a three-year restructuring program (the "Program") related to the Reinvent SEE business transformation. In December 2021, the Board of Directors approved a six-month extension of the program primarily for on-going initiatives, including those related to SEE's continued transformation to increase digital platforms and offerings. We expect the Program to generate cost benefits of approximately $60 million in 2022 and expect Program spend for the full year 2022 to be in the range of $20 million to $25 million.

For the three months ended March 31, 2022, we recorded other associated costs of $3 million, primarily related to third-party consultants in support of the Reinvent SEE business transformation. For the three months ended March 31, 2022, we recorded restructuring expense of $1 million.

We expect the continuous improvement capabilities and governance processes established through Reinvent SEE will continue to transform the SEE Operating Engine, which is rooted in economic value add with the goal to drive profitable, above market organic growth and attractive returns on invested capital.

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

Interest Expense, net

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

Interest expense, net for the three months ended March 31, 2022 and 2021 was as follows:

	Three Months Ended March 31,		
(In millions)	**2022**	**2021**	**Change**
Interest expense on our various debt instruments:			
Term Loan A due August 2022	$ 1.4	$ 1.5	$ (0.1)
Term Loan A due July 2023[1]	0.2	0.8	(0.6)
Term Loan A due March 2027[2]	0.2	—	0.2
Revolving credit facility due July 2023	0.3	0.4	(0.1)
Revolving credit facility due March 2027[2]	—	—	—
4.875% Senior Notes due December 2022[1]	—	5.4	(5.4)
5.25% Senior Notes due April 2023	5.8	5.8	—
4.50% Senior Notes due September 2023	5.2	5.6	(0.4)
5.125% Senior Notes due December 2024	5.6	5.6	—
5.50% Senior Notes due September 2025	5.6	5.6	—
1.573% Senior Secured Notes due October 2026[1]	2.6	—	2.6
4.00% Senior Notes due December 2027	4.4	4.4	—
6.875% Senior Notes due July 2033	7.8	7.8	—
Other interest expense	2.9	3.7	(0.8)
Less: capitalized interest	(1.7)	(1.5)	(0.2)
Less: interest income	(1.4)	(2.0)	0.6
Total	**$ 38.9**	**$ 43.1**	**$ (4.2)**

(1) In September 2021, Sealed Air issued $600 million of 1.573% Senior Secured Notes due October 2026. The proceeds were used to repurchase the Company's 4.875% Senior Notes due December 2022 and to repay the U.S. dollar tranche of Term Loan A due 2023. See Note 13, “Debt and Credit Facilities,” for further details.

(2) On March 25, 2022, the Company and certain of its subsidiaries entered into the Fourth Amended and Restated Credit Agreement with Bank of America, N.A., as agent, and the other financial institutions party thereto, which extended the maturity of the Term Loan A facilities to March 2027. See Note 13, “Debt and Credit Facilities,” for further details.

Other (Expense) Income, net

Impairment of equity investments

For the three months ended March 31, 2022, SEE recorded an impairment loss of $15.5 million on an equity investment. See Note 15, "Fair Value Measurements, Equity Investments and Other Financial Instruments," for further details.

Net foreign exchange transaction (loss) gain

Foreign exchange transaction (losses) gains were approximately a $1 million loss and a $1 million gain for the three months ended March 31, 2022 and 2021, respectively.

See Note 21, "Other (Expense) Income, net," for the remaining components of other (expense) income, net.

Income Taxes

Our effective income tax rate for the three months ended March 31, 2022 was 28% and was favorably impacted by share price accretion in equity compensation and unfavorably impacted by accruals for unresolved controversy and nonrecurring intercompany dividend distributions.

Our effective income tax rate for the three months ended March 31, 2021 was 34% and was impacted by changes to foreign statutes.

The actual annual effective tax rate could vary as a result of many factors, including but not limited to the following:

- The actual mix of earnings by jurisdiction, which could fluctuate from the Company's projection;
- The tax effects of other discrete items, including accruals related to tax contingencies, the resolution of worldwide tax matters, tax audit settlements, statute of limitations expirations and changes in tax regulations, which are reflected in the period in which they occur; and
- Any future legislative changes, and any related additional tax optimization to address these changes.

Our effective income tax rate depends upon the realization of our net deferred tax assets. We have deferred tax assets related to accruals not yet deductible for tax purposes, state and foreign net operating loss carryforwards and tax credits, employee benefit items, intangible assets and other items.

The IRS completed its field examination of our U.S. federal income tax returns for the years 2011 through 2014 in the third quarter of 2020. As previously disclosed, the IRS has proposed to disallow for the 2014 taxable year the entirety of the deduction of the approximately $1.49 billion in settlement payments made pursuant to the Settlement agreement (as defined in Note 18, "Commitments and Contingencies") and the resulting reduction of our U.S. federal tax liability by approximately $525 million. We continue to believe that we have meritorious defenses to the proposed disallowance and have filed a protest with the IRS. The proposed disallowance is being reviewed by the IRS Independent Office of Appeals and we cannot predict the outcome of such review or when it will be concluded. It is possible that future developments in this matter could have a material impact on the Company's uncertain tax position balances and results of operations, including cash flows, within the next twelve months.

We have established valuation allowances to reduce our deferred tax assets to an amount that is more likely than not to be realized. Our ability to utilize our deferred tax assets depends in part upon our ability to carryback any losses created by the deduction of these temporary differences, the future income from existing temporary differences, and the ability to generate future taxable income within the respective jurisdictions during the periods in which these temporary differences reverse. If we are unable to generate sufficient future taxable income in the U.S. and certain foreign jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. Conversely, if we have sufficient future taxable income in jurisdictions where we have valuation allowances, we may be able to reduce those valuation allowances.

There was no significant change in our valuation allowances for the three months ended March 31, 2022 and 2021.

We reported net increases of $6 million and $5 million, respectively, in unrecognized tax positions for the three months ended March 31, 2022, and March 31,2021 including adjustments to specific uncertain tax positions and interest accruals on existing uncertain tax positions. We are not currently able to reasonably estimate the amount by which the liability for unrecognized tax positions may increase or decrease during the next 12 months as a result of future tax controversy developments or resolution. Interest and penalties on tax assessments are included in Income tax provision on our Condensed Consolidated Statements of Operations

Net Earnings from Continuing Operations

Net earnings from continuing operations for the three months ended March 31, 2022 and 2021 are included in the table below.

	Three Months Ended March 31,		%
(In millions)	2022	2021	Change
Net earnings from continuing operations	$ 149.6	$ 105.8	41.4 %

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

Net earnings in 2022 were unfavorably impacted by $19 million of Special Items, primarily due to the impairment of an equity investment of $16 million ($12 million, net of taxes), one-time tax expenses (“Tax Special Items”) of $7 million, and restructuring and associated costs of $4 million ($3 million, net of taxes), partially offset by a gain on the sale of land in the UK for $6 million ($5 million, net of taxes).

Net earnings in 2021 were unfavorably impacted by $16 million of Special Items, which were largely due to one-time tax expenses (“Tax Special Items”) of $9 million as well as the impact of restructuring associated costs of $5 million. Tax Special Items reflect accruals for open items subject to tax audits as well as legislative and administrative changes to foreign enacted statues. Restructuring associated costs in 2021 primarily relate to a one-time, non-cash CTA loss recognized due to the wind-up of one of our legal entities as well as fees paid to third-party consultants in support of the Reinvent SEE business transformation.

Adjusted EBITDA by Segment

The Company evaluates performance of the reportable segments based on the results of each segment. The performance metric used by the Company's chief operating decision maker to evaluate the performance of our reportable segments is Segment Adjusted EBITDA. We allocate and disclose depreciation and amortization expense to our segments, although depreciation and amortization are not included in the segment performance metric Segment Adjusted EBITDA. We also allocate and disclose restructuring and other charges and impairment of goodwill and other intangible assets by segment, although these items are not included in the segment performance metric Segment Adjusted EBITDA since restructuring and other charges and impairment of goodwill and other intangible assets are categorized as Special Items. The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements.

See “Non-U.S. GAAP Information” for a reconciliation of U.S. GAAP net earnings from continuing operations to non-U.S. GAAP Consolidated Adjusted EBITDA from continuing operations.

The table below sets forth the Segment Adjusted EBITDA for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,		%
(In millions)	2022	2021	Change
Food	$ 200.4	$ 156.9	27.7 %
Adjusted EBITDA Margin	*24.8 %*	*22.3 %*	
Protective	127.4	109.9	15.9 %
Adjusted EBITDA Margin	*20.9 %*	*19.5 %*	
Corporate	(0.9)	1.4	(164.3) %
Non-U.S. GAAP Consolidated Adjusted EBITDA	**$ 326.9**	**$ 268.2**	**21.9 %**
Adjusted EBITDA Margin	23.1 %	21.2 %	

The following is a discussion of the factors that contributed to the change in Segment Adjusted EBITDA during the three months ended March 31, 2022, as compared to the same period in the 2021.

Food

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

On a reported currency basis, Segment Adjusted EBITDA increased by $44 million in 2022 compared to 2021. Segment Adjusted EBITDA was impacted by unfavorable foreign currency translation of approximately $5 million. On a constant dollar basis, Segment Adjusted EBITDA increased by $48 million, or 31%, in 2022 primarily as a result of:

- favorable price/cost spread of $54 million; and
- higher volumes of $6 million.

These increases were partially offset by:

- higher operating costs of $12 million, including labor and non-material inflation and incentive compensation.

Protective

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

On a reported currency basis, Segment Adjusted EBITDA increased by $18 million in 2022 compared to 2021. Segment Adjusted EBITDA was impacted by unfavorable foreign currency translation of $2 million. On a constant dollar basis, Segment Adjusted EBITDA increased by $20 million, or 18%, in 2022 primarily as a result of:

- favorable price/cost spread of $44 million.

This increase was partially offset by:

- higher operating costs of $16 million, including labor and non-material inflation and incentive compensation;
- lower volumes of $6 million; and
- divestiture impact of $2 million.

Corporate

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

On a reported and constant dollar basis, Corporate Adjusted EBITDA decreased by $2 million compared with the same period in 2021, primarily driven by currency transaction gains in 2021 compared to currency transaction losses in 2022.

Liquidity and Capital Resources

Principal Sources of Liquidity

Our primary sources of cash are the collection of trade receivables generated from the sales of our products and services to our customers and amounts available under our existing lines of credit, including our senior secured credit facility, and our accounts receivable securitization programs. Our primary uses of cash are payments for operating expenses, investments in working capital, capital expenditures, interest, taxes, stock repurchases, dividends, debt obligations, restructuring expenses and other long-term liabilities. We believe that our current liquidity position and future cash flows from operations will enable us to fund our operations, including all of the items mentioned above, in the next twelve months.

As of March 31, 2022, we had cash and cash equivalents of $278 million, of which approximately $238 million, or 85%, was located outside of the U.S. We believe our U.S. cash balances and committed liquidity facilities available to U.S. borrowers are sufficient to fund our U.S. operating requirements and capital expenditures, current debt obligations and dividends. The Company does not expect that, in the near term, cash located outside of the U.S. will be needed to satisfy our obligations, dividends and other demands for cash in the U.S. In addition, an immaterial amount of our non-U.S. cash balance is deemed to be trapped as of March 31, 2022.

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

(In millions)	**March 31, 2022**	**December 31, 2021**
Cash and cash equivalents	$ 278.2	$ 561.0

See “Analysis of Historical Cash Flow” below.

Accounts Receivable Securitization Programs

At March 31, 2022, we had $139 million available to us and no outstanding borrowings under our U.S. and European accounts receivable securitization programs. At December 31, 2021, we had $141 million available to us and no outstanding borrowings under the such programs.

Our trade receivable securitization programs represent borrowings secured by outstanding customer receivables. Therefore, the use and repayment of borrowings under such programs are classified as financing activities in our Condensed Consolidated Statements of Cash Flows. We do not recognize the cash flow within operating activities until the underlying invoices have been paid by our customer. The trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. See Note 10, “Accounts Receivable Securitization Programs” for further details.

Accounts Receivable Factoring Agreements

We account for our participation in our customers' supply chain financing arrangements and our trade receivable factoring program in accordance with ASC Topic 860, which allows the ownership transfer of accounts receivable to qualify for sale treatment when the appropriate criteria are met. As such, the Company excludes the balances sold under such programs from Trade receivables, net on the Condensed Consolidated Balance Sheets. We recognize cash flow from operating activities at the point the receivables are sold under such programs. See Note 11, “Accounts Receivable Factoring Agreements” for further details.

Gross amounts received under these programs for the three months ended March 31, 2022 and 2021, were $172 million and $156 million, respectively. If these programs had not been in effect for the three months ended March 31, 2022, we would have been required to collect the invoice amounts directly from the relevant customers in accordance with the agreed payment terms. Approximately $127 million in incremental trade receivables would have been outstanding at March 31, 2022 if collection on such invoice amounts were made directly from our customers on the invoice due date and not through our customers' supply chain financing arrangements or our factoring program.

Lines of Credit

At March 31, 2022 and December 31, 2021, we had a $1.0 billion revolving credit facility as part of our senior secured credit facility. We had no outstanding borrowings under the facility at March 31, 2022 or December 31, 2021. There was $1 million outstanding under various lines of credit extended to our subsidiaries at March 31, 2022 and December 31, 2021. See Note 13, “Debt and Credit Facilities” for further details.

LIBOR Phase Out

In July 2017, the United Kingdom's Financial Conduct Authority (FCA), which regulates LIBOR, announced the phase out LIBOR. In March 2021, the FCA announced that specific U.S. dollar LIBOR tenors (overnight, 1-month, 3-month, 6-month and 12-month) will continue to be published until June 30, 2023, while the 1-week and 2-month tenors are no longer being published effective December 31, 2021. Similarly, all tenors for EUR, CHF, JPY and GBP LIBOR currencies are no longer being published effective December 31, 2021. Regulators in the U.S. and other jurisdictions have worked to replace these rates with alternative reference interest rates that are supported by transactions in liquid and observable markets, such as the Secured Overnight Financing Rate ("SOFR"). The phase-out of LIBOR will not have a material impact on our financing or liquidity. In March 2020, the FASB issued ASU 2020-04. This ASU, along with subsequently issued ASU 2021-01, are designed to ease the potential burden in accounting for reference rate reform; however, neither the LIBOR phase-out nor these ASUs had a material impact on the Company.

SOFR

On March 25, 2022, the Company and certain of its subsidiaries entered into a fourth amended and restated syndicated facility agreement whereby its existing senior secured credit facility was amended and restated (the "Fourth Amended and Restated Credit Agreement") which converted the facilities rate from a LIBOR-based rate to a SOFR-based rate. See Note 13, "Debt and Credit Facilities" for further details.

Covenants

At March 31, 2022, we were in compliance with our financial covenants and limitations, as discussed in "Covenants" within Note 13, "Debt and Credit Facilities", which require us, among other things, to maintain a maximum leverage ratio of debt to EBITDA of 4.50 to 1.00. At March 31, 2022, as calculated under the covenant, our leverage ratio was 2.50 to 1.00. We expect to be in continued compliance with our debt covenants including the covenant leverage ratio over the next 12 months.

Supply Chain Financing Programs

As part of our ongoing efforts to manage our working capital and improve our cash flow, we work with suppliers to optimize our purchasing terms and conditions, including extending payment terms. We also facilitate a voluntary supply chain financing program to provide some of our suppliers with the opportunity to sell receivables due from us (our accounts payables) to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. These programs are administered by participating financial institutions. Should a supplier choose to participate in the program, it will receive payment from the financial institution in advance of agreed payment terms; our responsibility is limited to making payments to the respective financial institutions on the terms originally negotiated with our supplier. The range of payment terms is consistent regardless of a vendor's participation in the program. We monitor our days payable outstanding relative to our peers and industry trends in order to assess our conclusion that these programs continue to be trade payable programs and not indicative of borrowing arrangements. The liabilities continue to be presented as trade payables in our Condensed Consolidated Balance Sheets until they are paid, and they are reflected as cash flows from operating activities when settled.

At both March 31, 2022 and December 31, 2021, our accounts payable balances included $161 million related to invoices from suppliers participating in the programs. The cumulative amounts settled through the supply chain financing programs for the three months ended March 31, 2022 were $114 million, compared to $102 million for the three months ended March 31, 2021. These programs did not significantly improve our cash provided by operating activities or free cash flow for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

Debt Ratings

Our cost of capital and ability to obtain external financing may be affected by our debt ratings, which the credit rating agencies review periodically. Below is a table that details our credit ratings by the various types of debt by rating agency.

	Moody's Investor Services	Standard & Poor's
Corporate Rating	Ba1	BB+
Senior Unsecured Rating	Ba2	BB+
Senior Secured Rating	Baa2	BBB-
Outlook	Stable	Stable

These credit ratings are considered to be below investment grade (with the exception of the Baa2 and BBB- Senior Secured Rating from Moody's Investor Services and Standard & Poor's, respectively, which are classified as investment grade). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

Outstanding Indebtedness

At March 31, 2022 and December 31, 2021, our total debt outstanding and our non-U.S. GAAP net debt consisted of the amounts set forth in the following table.

(In millions)	March 31, 2022	December 31, 2021
Short-term borrowings	$ 1.1	$ 1.3
Current portion of long-term debt	9.2	487.2
Total current debt	10.3	488.5
Total long-term debt, less current portion[(1)]	3,689.5	3,219.6
Total debt	**3,699.8**	**3,708.1**
Less: Cash and cash equivalents	(278.2)	(561.0)
Non-U.S. GAAP net debt	**$ 3,421.6**	**$ 3,147.1**

(1) Amounts are net of unamortized discounts and debt issuance costs of $19 million at March 31, 2022 and December 31, 2021. See Note 13, "Debt and Credit Facilities" for further details.

Analysis of Historical Cash Flow

The following table shows the changes in our Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,		
(In millions)	2022	2021	Change
Net cash provided by operating activities	$ 48.4	$ 79.9	$ (31.5)
Net cash used in investing activities	(69.3)	(41.0)	(28.3)
Net cash used in financing activities	(262.1)	(220.3)	(41.8)
Effect of foreign currency exchange rate changes on cash and cash equivalents	0.2	2.7	(2.5)

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and an indication of the strength and ability of our operations to generate cash. We define free cash flow as cash provided by operating activities less capital expenditures (which is classified as an investing activity). Free cash flow is not defined under U.S. GAAP. Therefore, free cash flow should not be considered a substitute for net income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure. We historically have generated the majority of our annual free cash flow in the second half of the year. Below are the details of non-U.S. GAAP free cash flow for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,		
(In millions)	2022	2021	Change
Cash flow provided by operating activities	$ 48.4	$ 79.9	$ (31.5)
Capital expenditures	(67.0)	(43.9)	(23.1)
Non-U.S. GAAP free cash flow	**$ (18.6)**	**$ 36.0**	**$ (54.6)**

Operating Activities

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

Net cash provided by operating activities was $48 million in 2022, compared to $80 million in 2021. The decrease in cash provided by operating activities was primarily attributable to net cash used by our working capital accounts (inventories, trade receivables and accounts payables), which was $109 million unfavorable in 2022 compared to 2021. There was lower cash generation from accounts payable by $59 million compared to 2021, which was primarily due to higher cash disbursements in the first quarter of 2022 due to elevated fourth quarter 2021 material purchase volumes and the timing of North American raw material pricing fluctuations. There was a higher use of cash for inventory of $49 million compared to 2021, which increased due to planned inventory prebuild.

This activity was partially offset by other assets and liabilities which positively impacted cash flow by $33 million compared to 2021. This was largely due to the impact of incentive compensation including lower cash payments made during the first quarter 2022, as compared to the prior year, coupled with a higher accrual as of March 31, 2022, as compared to the prior year. Value Added Tax payments were also favorable on net cash provided by operating activities compared to the prior year.

Investing Activities

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

Net cash used in investing activities was $69 million in 2022 compared to a use of $41 million in 2021.

The increase in net cash used in investing activities was primarily due to $23 million in higher capital expenditures compared to the prior year. The increase reflects the Company's continued investment in assets which support growth focused on touchless automation, sustainability and digital. The Company is making investments to drive touchless automation within our internal operations. Investing activity also included the settlement of foreign currency forward contracts which generated $7 million less cash in 2022 compared to the prior year.

In the first quarter of 2022, we invested a total of $10 million in SEE Ventures initiatives compared to $6 million in 2021. The investments in 2022 included the acquisition of Foxpak Flexibles Ltd. and an investment made in a fund aimed to advance scalable recycling technologies, equipment upgrades and infrastructure solutions, which is being accounted for as an equity method investment. Under the SEE Ventures initiative, we make select entrepreneurial investments that present opportunities to accelerate innovation and increase speed to market, while creating a sustainable competitive advantage. SEE Ventures is part of our capital allocation strategy focused on investing in early stage disruptive technologies and new business models for growth.

These investing activities were partially offset by proceeds received from the disposal of property and equipment, which generated $7 million of incremental cash inflow in 2022 compared to the prior year, primarily due to the sale of land in the UK.

Financing Activities

Three Months Ended March 31, 2022 Compared with the Same Period in 2021

Net cash used in financing activities was $262 million in 2022, compared to $220 million used in 2021. The increase in cash outflows for financing activities was primarily related to increased share repurchases, netting of common stock for tax withholding obligations relating to stock-based compensation and dividends payments.

During the three months ended March 31, 2022, the Company repurchased $200 million in shares compared to $177 million in the prior year. The netting of common stock for tax withholding obligations relating to stock-based compensation was $25 million compared to $14 million in the prior year. Dividends paid of $31 million were $5 million higher than the prior year due to the increase in the quarterly dividend in 2022.

Changes in Working Capital

(In millions)	**March 31, 2022**	**December 31, 2021**	**Change**
Working capital (current assets less current liabilities)	$ 464.1	$ 62.3	$ 401.8
Current ratio (current assets divided by current liabilities)	1.3x	1.0x	
Quick ratio (current assets, less inventories divided by current liabilities)	0.7x	0.7x	

The $402 million, or 645%, increase in working capital during the three months ended March 31, 2022 was primarily due the following:

- decrease in current portion of long-term debt of $478 million primarily due to the refinancing of $475 million related to the Term Loan A, which extended its maturity date to March 2027;

- increase in inventory of $118 million, primarily on rising input costs and planned inventory prebuild;
- $61 million decrease in other current liabilities, reflecting the payment of performance-based compensation and profit sharing in the first quarter 2022, offset by current year accruals; and
- increase in Trade receivables of $57 million, primarily on higher sales in the current year.

The increases in working capital were partially offset by:

- $283 million decrease in cash and cash equivalents, which was largely the result of share repurchases; and
- $18 million increase in Income tax payable, primarily due to the U.S. quarterly income tax accrual.

Changes in Stockholders' Equity

The $58 million, or 23%, decrease in stockholders' equity in the three months ended March 31, 2022 was primarily due to the following:

- repurchases of 3,042,696 shares of our common stock for $200 million, including commissions paid (See Note 19, "Stockholders' Equity" for further details);
- dividends paid on our common stock and dividend equivalent accruals related to unvested equity awards of $31 million; and
- the effect of share-based incentive compensation of $7 million, including the impact of share-based compensation expense and shares withheld on vested share-based compensation to cover the employee tax withholding obligations.

These decreases were partially offset by:

- net earnings of $149 million;
- stock issued for profit sharing contribution paid in stock of $23 million;
- unrealized gains on derivative instruments of $4 million;
- Cumulative Translation Adjustment ("CTA") gain of $3 million; and
- the recognition of pension items within AOCL of $1 million.

Derivative Financial Instruments

Interest Rate Swaps

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," under the caption "Interest Rate Swaps" is incorporated herein by reference.

Net Investment Hedge

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," under the caption "Net Investment Hedge" is incorporated herein by reference.

Other Derivative Instruments

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," under the caption "Other Derivative Instruments" is incorporated herein by reference.

Foreign Currency Forward Contracts

At March 31, 2022, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," under the caption "Foreign Currency Forward Contracts Designated as Cash Flow Hedges" and "Foreign Currency Forward Contracts Not Designated as Hedges" is incorporated herein by reference. For further discussion about these contracts and other financial instruments, see Part I, Item 3, "Quantitative and Qualitative Disclosures About Market Risk."

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

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

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in our 2021 Form 10-K. For a discussion of our critical accounting policies and estimates, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" in Part II, Item 7 of our 2021 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rates

From time to time, we may use interest rate swaps, collars or options to manage our exposure to fluctuations in interest rates. At March 31, 2022, we had no outstanding interest rate swaps, collars or options.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," under the caption "Interest Rate Swaps," is incorporated herein by reference.

See Note 15, "Fair Value Measurements, Equity Investments and Other Financial Instruments," for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical 10% increase in interest rates would result in a decrease of $51 million in the fair value of the total debt balance at March 31, 2022. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount or any related interest of such debt.

Foreign Exchange Rates

Operations

As a large global organization, we face exposure to changes in foreign currency exchange rates. These exposures may change over time as business practices evolve and could materially impact our consolidated financial condition and results of operations in the future. See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," above for the impacts that foreign currency translation had on our operations.

Argentina

Economic events in Argentina, including the default on some of its international debt obligations, which have subsequently been renegotiated, exposed us to heightened levels of foreign currency exchange risks. Despite some recent debt restructuring, fluctuations in foreign exchange rates on the Argentine Peso continue to impact our financial results. As of July 1, 2018, Argentina was designated as a highly inflationary economy. We recognized a net foreign currency exchange loss of $1 million in three months ended March 31, 2022 and 2021, within Other (expense) income, net on the Condensed Consolidated Statements of Operations, related to the designation of Argentina as a highly inflationary economy under U.S. GAAP. See Note 1, "Organization and Basis of Presentation," for additional information. As of March 31, 2022, approximately 1% of our consolidated net sales were derived from our products sold in Argentina and our net assets include $2 million of cash and cash equivalents domiciled in Argentina. Also, as of March 31, 2022, our Argentina subsidiaries had cumulative translation losses of $22 million.

Russia

Recent devaluation of the ruble has exposed us to heightened levels of foreign currency exchange risks. As of March 31, 2022, approximately 1% of our consolidated net sales were derived from products sold in Russia. Assets include $4 million of cash and cash equivalents domiciled in Russia. Also, as of March 31, 2022, our Russia subsidiary had cumulative translation losses of $44 million.

Brazil

Recent economic events in Brazil, including changes in the benchmark interest rate set by the Brazilian Central Bank, have exposed us to heightened levels of foreign currency exchange risks. However, as of March 31, 2022, we do not anticipate these events will have a material impact on our 2022 results of operations. As of March 31, 2022, approximately 2% of our consolidated net sales were derived from products sold into Brazil and net assets include $14 million of cash and cash equivalents domiciled in Brazil. Also, as of March 31, 2022, our Brazil subsidiaries had cumulative translation losses of $57 million.

Foreign Currency Forward Contracts

We use foreign currency forward contracts to fix the amounts payable or receivable on some transactions denominated in foreign currencies. A hypothetical 10% adverse change in foreign exchange rates at March 31, 2022 would have caused us to pay approximately $36 million to terminate these contracts. Based on our overall foreign exchange exposure, we estimate this change would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Our foreign currency forward contracts are described in Note 14, “Derivatives and Hedging Activities,” which is incorporated herein by reference.

Net Investment Hedge

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The decrease in the translated value of the debt was $3 million, net of tax as of March 31, 2022 and is reflected in long-term debt on our Condensed Consolidated Balance Sheets.

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

Other Derivative Instruments

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and to access international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency.

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower or in euros as is the case with the issuance of €400 million of 4.50% senior notes due 2023. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The U.S. dollar equivalent amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $484 million and $492 million at March 31, 2022 and December 31, 2021, respectively.

Customer Credit

We are exposed to credit risk from our customers. In the normal course of business, we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an allowance for credit losses on trade receivables for estimated losses resulting from the failure of our customers to make required payments. An additional allowance may be required if the financial condition of our customers deteriorates. Our customers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 18, “Commitments and Contingencies” under the captions “Settlement Agreement Tax Deduction” and “Environmental Matters” is incorporated herein by reference. See also Part I, Item 3, “Legal Proceedings,” of our 2021 Form 10-K.

Item 1A. Risk Factors

Reference is made to Part I, Item 1A, “Risk Factors,” in our 2021 Form 10-K for information concerning risks that may materially affect our business, financial condition or results of operations. The “Risk Factors” in the Company's 2021 Form 10-K should be read in conjunction with the additional risk factor below.

The conflict between Russia and Ukraine could adversely affect our results of operations.

The conflict between Russia and Ukraine has had and will likely continue to have a negative impact on our employees and operations both within and outside the region. As a result of the ongoing conflict and the global response, including the current and future sanctions and export controls, our operations may continue to be adversely impacted by, among other things, disruptions to our supply chain and logistics, increases in costs particularly for our raw materials, losses from currency translation, and an inability to repatriate income earned in Russia.

As of March 31, 2022, the net assets of the Company's subsidiaries in Russia and Ukraine were $54 million and $3 million, respectively. While our exposure to the region is small and our industry is not currently the primary target of sanctions or export controls, the evolution and potential escalation of the conflict and actions taken by governments in response to such conflict, and the consequences, economic or otherwise, are unpredictable. As a result, we cannot predict the immediate or longer-term effects of the conflict on the global economy, the performance of the packaging industry in general or the impact it may have on our business and results of operations.

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

(a) In March 2022, we transferred 350,668 shares of our common stock, par value $0.10 per share, from treasury to our 401(K) and Profit Sharing Plan as part of our 2021 profit sharing contribution. The issuance of such shares to the plan was not registered under the Securities Act of 1933, as amended, because such transaction did not involve an “offer” or “sale” of securities under Section 2(a)(3) of the Securities Act.

(c) Issuer Purchases of Equity Securities

The table below sets forth the total number of shares of our common stock, par value $0.10 per share, that we repurchased in each month of the quarter ended March 31, 2022, the average price paid per share and the maximum approximate dollar value of shares that may yet be purchased under our publicly announced plans or programs.

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs [1]
Balance as of December 31, 2021				$ 896,438,119
January 1, 2022 through January 31, 2022	—	$ —	—	896,438,119
February 1, 2022 through February 28, 2022	850,593	$ 67.39	850,593	839,113,612
March 1, 2022 through March 31, 2022	2,192,103	$ 65.10	2,192,103	696,417,950
Total	**3,042,696**		**3,042,696**	**$ 696,417,950**

(1) On August 2, 2021, the Board of Directors approved a new share repurchase program of $1.0 billion. This program has no expiration and replaces the previous authorization. As of March 31, 2022, there was $696 million remaining under the currently authorized repurchase program. From time to time we acquire shares by means of open-market transactions, including through plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and privately negotiated transactions, including accelerated share repurchase programs, pursuant to our publicly announced program described above. In addition, we have historically withheld shares from awards under our Omnibus Incentive Plan pursuant to the provision thereof that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan. During the three months ended March 31, 2022, no shares were withheld pursuant to this provision.

Item 6. Exhibits

Exhibit Number	Description
3.1	Unofficial Composite Amended and Restated Certificate of Incorporation of the Company as currently in effect. (Exhibit 3.1 to the Company’s Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
3.2	Amended and Restated By-Laws of the Company as currently in effect. (Exhibit 3.1 to the Company’s Current Report on Form 8-K, Date of Report February 12, 2020, File No. 1-12139, is incorporated herein by reference.)
10.1	Fourth Amended and Restated Syndicated Facility Agreement, dated as of March 25, 2022, by and among Sealed Air Corporation and certain of its subsidiaries party thereto, Bank of America, N.A., as agent, and the other financial institutions party thereto (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report March 25, 2022, File No. 1-12139, is incorporated herein by reference.)
31.1	Certification of Edward L. Doheny II pursuant to Rule 13a-14(a), dated May 5, 2022.
31.2	Certification of Christopher J. Stephens, Jr. pursuant to Rule 13a-14(a), dated May 5, 2022.
32	Certification of Edward L. Doheny II and Christopher J. Stephens, Jr. pursuant to 18 U.S.C. § 1350, dated May 5, 2022.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained within Exhibit 101)

SIGNATURE

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

Sealed Air Corporation

Date: May 5, 2022

By: /S/ Christopher J. Stephens, Jr.

Christopher J. Stephens, Jr.
Senior Vice President and Chief Financial Officer
(Duly Authorized Officer)

Exhibit 31.1

CERTIFICATIONS

I, Edward L. Doheny II, certify that:

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

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

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

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

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

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

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

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

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

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

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

/S/ EDWARD L. DOHENY II

Edward L. Doheny II

President and Chief Executive Officer

Date: May 5, 2022

Exhibit 31.2

CERTIFICATIONS

I, Christopher J. Stephens, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

/S/ CHRISTOPHER J. STEPHENS, JR.

Christopher J. Stephens, Jr.
Senior Vice President and Chief Financial Officer

Date: May 5, 2022

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q of Sealed Air Corporation (the "Company") for the quarterly period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Edward L. Doheny II, as President and Chief Executive Officer of the Company, and Christopher J. Stephens, Jr., as Senior Vice President and Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his/her knowledge:

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

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

By: /S/ EDWARD L. DOHENY II
Edward L. Doheny II
President and Chief Executive Officer

Date: May 5, 2022

By: /S/ CHRISTOPHER J. STEPHENS, JR.
Christopher J. Stephens, Jr.
Senior Vice President and Chief Financial Officer

Date: May 5, 2022