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, 2010

Or

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

For the transition period from to

Commission File Number: 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**65-0654331** (I.R.S. Employer Identification Number)
200 Riverfront Boulevard **Elmwood Park, New Jersey** (Address of principal executive offices)	**07407-1033** (Zip Code)

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

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

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

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

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

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

There were 159,472,219 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of April 30, 2010.

SEALED AIR CORPORATION AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net sales:		
Food Packaging	$ 447.2	$ 424.0
Food Solutions	219.1	205.2
Protective Packaging	306.5	280.1
Other	88.4	79.2
Total net sales	1,061.2	988.5
Cost of sales	761.2	702.8
Gross profit	300.0	285.7
Marketing, administrative and development expenses	175.5	166.2
Restructuring and other charges (credits)	0.6	(0.4)
Operating profit	123.9	119.9
Interest expense	(40.7)	(34.9)
Impairment of available-for-sale securities	(0.7)	—
Other income (expense), net	3.5	(3.4)
Earnings before income tax provision	86.0	81.6
Income tax provision	24.8	23.5
Net earnings available to common stockholders	$ 61.2	$ 58.1
Net earnings per common share:		
Basic	$ 0.38	$ 0.37
Diluted	$ 0.35	$ 0.32
Dividends per common share	$ 0.12	$ 0.12
Weighted average number of common shares outstanding:		
Basic	157.8	156.7
Diluted	176.1	187.9

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 627.5	$ 694.5
Receivables, net of allowance for doubtful accounts of $18.1 in 2010 and $17.5 in 2009	641.5	666.7
Inventories	502.1	469.4
Deferred tax assets	193.8	176.1
Prepaid expenses and other current assets	71.1	66.7
Total current assets	2,036.0	2,073.4
Property and equipment, net	979.7	1,010.7
Goodwill	1,941.4	1,948.7
Non-current deferred tax assets	143.7	146.0
Other assets, net	235.1	241.3
Total assets	$ 5,335.9	$ 5,420.1
Liabilities and stockholders' equity		
Current liabilities:		
Short-term borrowings	$ 14.0	$ 28.2
Current portion of long-term debt	7.5	6.5
Accounts payable	223.9	214.2
Deferred tax liabilities	7.9	8.0
Settlement agreement and related accrued interest	757.0	746.8
Accrued restructuring costs	9.6	15.8
Other current liabilities	367.0	414.3
Total current liabilities	1,386.9	1,433.8
Long-term debt, less current portion	1,560.6	1,626.3
Non-current deferred tax liabilities	7.3	6.4
Other liabilities	150.1	153.3
Total liabilities	3,104.9	3,219.8
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2010 and 2009	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 168,949,008 in 2010 and 168,749,681 in 2009; shares outstanding: 159,457,641 in 2010 and 158,938,174 in 2009	16.9	16.9
Common stock reserved for issuance related to Settlement agreement, $0.10 par value per share, 18,000,000 shares in 2010 and 2009	1.8	1.8
Additional paid-in capital	1,128.8	1,127.1
Retained earnings	1,573.1	1,531.1
Common stock in treasury, 9,491,367 in 2010 and 9,811,507 shares in 2009	(352.1)	(364.6)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(68.7)	(70.4)
Cumulative translation adjustment	(77.7)	(50.8)
Unrealized gain on derivative instruments	3.9	4.1
Unrealized gain on available-for-sale securities	4.9	4.4
Total accumulated other comprehensive loss, net of taxes	(137.6)	(112.7)
Total parent company stockholders' equity	2,230.9	2,199.6
Noncontrolling interests	0.1	0.7
Total stockholders' equity	2,231.0	2,200.3
Total liabilities and stockholders' equity	$ 5,335.9	$ 5,420.1

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Cash flows from operating activities:		
Net earnings	$ 61.2	$ 58.1
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	39.6	38.2
Share-based compensation	7.5	6.3
Amortization of senior debt related items and other	0.5	0.5
Provisions for bad debt	1.8	3.4
Provisions for inventory obsolescence	0.6	4.7
Impairment of available-for-sale securities	0.7	—
Deferred taxes, net	(5.1)	(3.8)
Net gain on disposals of property and equipment and other	(0.4)	(0.9)
Changes in operating assets and liabilities, net of effects of businesses and certain assets acquired:		
Receivables, net	26.1	96.6
Accounts receivable securitization program	—	(80.0)
Inventories	(33.3)	(5.8)
Other assets, net	3.4	3.4
Accounts payable	12.2	(53.4)
Income taxes payable	17.5	3.7
Other liabilities	(49.0)	(14.8)
Net cash provided by operating activities	83.3	56.2
Cash flows from investing activities:		
Capital expenditures for property and equipment	(15.4)	(24.4)
Proceeds from sales of property and equipment	2.4	1.7
Other investing activities	1.2	(1.2)
Net cash used in investing activities	(11.8)	(23.9)
Cash flows from financing activities:		
Proceeds from long-term debt	—	299.1
Payments of long-term debt	(71.0)	—
Net payments of short-term borrowings	(14.1)	(0.3)
Dividends paid on common stock	(19.1)	(19.0)
Net cash (used in) provided by financing activities	(104.2)	279.8
Effect of foreign currency exchange rate changes on cash and cash equivalents	(34.3)	(14.8)
Cash and cash equivalents:		
Balance, beginning of period	$ 694.5	$ 128.9
Net change during the period	(67.0)	297.3
Balance, end of period	$ 627.5	$ 426.2
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$ 44.7	$ 26.6
Income tax payments	$ 13.0	$ 27.8
Non-cash item:		
Transfers of shares of our common stock from treasury as part of our 2009 and 2008 profit-sharing plan contributions	$ 7.2	$ 5.9
Unrealized gain on available-for-sale securities	$ 0.9	$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net earnings	$ 61.2	$ 58.1
Other comprehensive income, net of income taxes:		
Recognition of deferred pension items, net of income tax provision of $0.4 in 2010 and 2009	1.7	1.8
Unrealized losses on derivative instruments, net of income tax benefit of $0.1 in 2010 and 2009	(0.2)	(0.3)
Unrealized gains on available-for-sale securities, reclassified to net earnings, net of income tax benefit of $0.1 in 2010	(0.1)	—
Unrealized gains on available-for-sale securities, net of income tax provision of $0.3 in 2010	0.6	—
Foreign currency translation adjustments	(26.9)	(58.9)
Comprehensive income, net of taxes	$ 36.3	$ 0.7

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

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

(1) Organization and Basis of Presentation

Organization

We are a leading global innovator and manufacturer of a wide range of packaging and performance-based materials and equipment systems that serve an array of food, industrial, medical and consumer applications.

We conduct substantially all of our business through two direct wholly-owned subsidiaries, Cryovac, Inc. and Sealed Air Corporation (US). These two subsidiaries, directly and indirectly, own substantially all of the assets of the business and conduct operations themselves and through subsidiaries around the world. We adopted this corporate structure in connection with the Cryovac transaction. See "Cryovac Transaction Commitments and Contingencies," of Note 14, "Commitments and Contingencies," for a description of the Cryovac transaction and related terms used in these Notes to Condensed Consolidated Financial Statements.

Basis of Presentation

Our condensed consolidated financial statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our condensed consolidated balance sheet as of March 31, 2010 and the condensed consolidated statements of operations for the three months ended March 31, 2010 and 2009 have been made. The results set forth in the condensed consolidated statements of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the full year. All amounts are approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, had no impact on our consolidated financial position, results of operations and cash flows.

We have evaluated subsequent events for recognition or disclosure in these condensed consolidated financial statements through the date these financial statements were issued.

The condensed consolidated financial statements were prepared following the interim reporting requirements of the Securities and Exchange Commission, or the SEC. As permitted under those rules, annual footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America, or U.S. GAAP, have been condensed or omitted. The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the 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 document. 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, 2009 and with the information contained in other publicly-available filings with the SEC.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(2) Recently Issued Accounting Standards

Adopted in the Three Months Ended March 31, 2010

In January 2010, the FASB issued an amendment to accounting standards addressing fair value measurements and disclosures which requires reporting entities to make new disclosures about recurring and nonrecurring fair-value measurements, including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information about purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. The revised accounting standard also clarifies existing fair-value measurement disclosure guidance about the level of disaggregation, inputs and valuation techniques. The adoption of this new standard in 2010 did not impact our consolidated financial position or results of operations as it is disclosure-only in nature.

In June 2009, the FASB issued new accounting standards relating to the transfer of financial assets. These standards require entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. They also eliminate the concept of a "qualifying special-purpose entity," change the requirements for derecognizing financial assets and require additional disclosures. We adopted this standard on January 1, 2010. In the future, any transfers of ownership interests of receivables under our receivables securitization program to the issuer of commercial paper or to the participating bank are no longer considered sales of receivables but are considered secured borrowings and will be recorded as liabilities on our consolidated balance sheets. See Note 6, "Accounts Receivable Securitization Program," for additional information about this program.

Also, in June 2009, the FASB issued new accounting standards which change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. These standards were effective beginning January 1, 2010. The adoption of this new standard in 2010 did not impact our consolidated financial position or results of operations.

Pending Adoption

In September 2009, the FASB ratified an amendment to accounting standards addressing revenue recognition for arrangements with multiple revenue-generating activities. The amendment addresses how revenue should be allocated to separate elements that could impact the timing of revenue recognition. The amendment is effective for us on a prospective basis for revenue arrangements entered into or materially modified on or after January 1, 2011, and earlier application is permitted. We may elect, but are not required, to apply the standards retrospectively to all prior periods. We are currently evaluating the impact this amendment may have on our consolidated financial position and results of operations.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(3) Segments

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net sales		
Food Packaging	$ 447.2	$ 424.0
Food Solutions	219.1	205.2
Protective Packaging	306.5	280.1
Other	88.4	79.2
Total	$ 1,061.2	$ 988.5
Depreciation and amortization(1)		
Food Packaging	$ 18.9	$ 17.7
Food Solutions	7.9	7.5
Protective Packaging	7.8	8.6
Other	5.0	4.4
Total	$ 39.6	$ 38.2
Operating profit(2)		
Food Packaging	$ 56.5	$ 58.6
Food Solutions	20.9	22.5
Protective Packaging	39.5	34.2
Other	7.6	4.2
Total segments and other	124.5	119.5
Restructuring and other charges (credits)(3)	0.6	(0.4)
Total	$ 123.9	$ 119.9

(1) The 2009 depreciation and amortization amounts have been adjusted to exclude share-based compensation expense to conform to the 2010 presentation. Share-based compensation expense was $6.3 million in 2009 and is included in marketing, administrative and development expenses on our condensed consolidated statement of operations for all periods.

(2) Before taking into consideration restructuring and other charges (credits).

(3) The 2010 amount represents charges associated with the implementation of our global manufacturing strategy, primarily in our Food Packaging segment. See Note 4, "Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program," for further discussion.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(3) Segments (Continued)

Assets by Reportable Segments

The following table shows assets allocated to our reportable segments. Only assets which are identifiable by segment and reviewed by our chief operating decision maker by segment are allocated to the reportable segment assets, which are trade receivables, net, and finished goods inventories, net. All other assets are included in "Assets not allocated." Assets not allocated include goodwill of $1,941.4 million at March 31, 2010 and $1,948.7 million at December 31, 2009 and total property and equipment, net, of $979.7 million at March 31, 2010 and $1,010.7 million at December 31, 2009.

	March 31, 2010	December 31, 2009
Assets:		
Trade receivables, net, and finished goods inventory, net		
Food Packaging	$ 393.1	$ 401.2
Food Solutions	205.4	210.6
Protective Packaging	271.4	266.1
Other	58.8	57.9
Total segments and other	928.7	935.8
Assets not allocated	4,407.2	4,484.3
Total	$ 5,335.9	$ 5,420.1

Allocation of Goodwill to Reportable Segments

Our management views goodwill as a corporate asset, so we do not allocate our goodwill balance to the reportable segments. However, we are required to allocate goodwill to each reporting unit to perform our annual impairment review of goodwill under U.S. GAAP, which we do during the fourth quarter of the year. See Note 9, "Goodwill and Identifiable Intangible Assets," for the allocation of goodwill and the changes in goodwill balances in the three months ended March 31, 2010 by our segment reporting structure.

(4) Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program

Global Manufacturing Strategy

Our global manufacturing strategy expanded our production capabilities in regions where demand for our products and services has been growing significantly. Additionally, we have been optimizing certain manufacturing platforms in North America and Europe into centers of excellence. The goals of this multi-year program have been to expand capacity in growing markets, further improve our operating efficiencies, and implement new technologies more effectively. By taking advantage of new technologies and streamlining production on a global scale, we have continued to enhance our profitable growth and our global leadership position and have produced meaningful benefits.

We announced this multi-year global manufacturing strategy in 2006. In 2009, we substantially finished the construction phase of GMS with the launch of our manufacturing facility in Duchnice,

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(4) Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program (Continued)

Poland. This facility along with our other new facilities in Qingpu, China and Monterrey, Mexico substantially completed the construction phase related to this program. We anticipate an additional $2 million of associated costs in mid-2010, marking the completion of GMS.

The capital expenditures, associated costs and related restructuring charges and the total amounts incurred since inception of this multi-year strategy are included in the table below.

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Cumulative Through March 31, 2010
Capital expenditures	$ 2.0	$ 6.2	$ 154.7
Associated costs(1)	1.8	3.1	34.1
Restructuring and other charges (credits)(2)	0.9	(0.2)	39.2

(1) The associated costs principally include facility start-up costs, which are primarily included in cost of sales on the condensed consolidated statements of operations. These charges by our reporting structure were as follows:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Food Packaging	$ 1.4	$ 2.5
Food Solutions	0.4	0.1
Protective Packaging	—	0.5
Total	$ 1.8	$ 3.1

(2) The restructuring and other charges (credits) were primarily for costs of termination benefits, the majority of which were related to the Food Packaging segment. The restructuring and other charges (credits) for the three months ended March 31, 2010 were primarily related to our previously announced plan to cease certain operations at one of our German locations. These charges were included in restructuring and other charges (credits) on the condensed consolidated statements of operations. See Note 3, "Segments," for restructuring and other charges (credits) by reportable segment and Other. A reconciliation of the restructuring accrual for GMS is included below.

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

(4) Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program (Continued)

The components of the restructuring accrual for GMS through March 31, 2010 and the accrual balance remaining on our condensed consolidated balance sheet at March 31, 2010 were as follows:

Restructuring accrual at December 31, 2009	$ 9.4
Provision for termination benefits	0.9
Adjustment to accrual for termination benefits	(0.1)
Cash payments during 2010	(3.1)
Effect of changes in foreign currency rates	(0.3)
Restructuring accrual at March 31, 2010	$ 6.8

We expect to pay $6.6 million of the accrual balance remaining at March 31, 2010 within the next 12 months. This amount is included in other current liabilities on our condensed consolidated balance sheet at March 31, 2010. The remaining accrual of $0.2 million is expected to be paid in 2011 and is included in other liabilities on our condensed consolidated balance sheet at March 31, 2010.

2008 Cost Reduction and Productivity Program

In 2008, we implemented a cost reduction and productivity program. As a result, we recorded $65.8 million of pre-tax charges primarily for costs for termination benefits in 2008. The components of the restructuring accrual through March 31, 2010 and the accrual balance remaining on our condensed consolidated balance sheet at March 31, 2010 related to this program are included in the table below.

Restructuring accrual at December 31, 2009	$ 6.6
Adjustment to accrual for termination benefits	(0.2)
Cash payments made during 2010	(3.2)
Effect of changes in foreign currency rates	(0.1)
Restructuring accrual at March 31, 2010	$ 3.1

We expect to pay $3.0 million of the accrual balance remaining at March 31, 2010 within the next 12 months. This amount is included in other current liabilities on the condensed consolidated balance sheet at March 31, 2010. The remaining accrual of $0.1 million is expected to be paid in 2011 and is included in other liabilities on the condensed consolidated balance sheet at March 31, 2010.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(5) Available-for-Sale Investments

The following tables summarize our investments in available-for-sale securities:

	Estimated Fair Value at December 31, 2009	Gross Unrealized Gains	Gross Other Than Temporary Impairment	Gross Unrealized Gains Reclassified to Net Earnings	Estimated Fair Value at March 31, 2010
Auction rate securities:					
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	$ 13.5	$ 0.9	$ (0.6)	$ (0.1)	$ 13.7
Non-cumulative perpetual preferred stock	0.2	—	(0.1)	—	0.1
Total	$ 13.7	$ 0.9	$ (0.7)	$ (0.1)	$ 13.8

	Estimated Fair Value at December 31, 2008	Gross Unrealized Gains	Gross Other Than Temporary Impairment	Estimated Fair Value at December 31, 2009
Auction rate securities:				
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	$ 7.7	$ 7.0	$ (1.2)	$ 13.5
Non-cumulative perpetual preferred stock	3.0	—	(2.8)	0.2
Total	$ 10.7	$ 7.0	$ (4.0)	$ 13.7

Our available-for-sale investments, consisting of auction rate securities at March 31, 2010 and December 31, 2009, are exposed to market risk related to changes in conditions in the U.S. financial markets and in the financial condition of the issuers of these securities. Our investment in auction rate securities at March 31, 2010 and December 31, 2009 had an original cost of $44.7 million (debt instruments of $24.7 million and non-cumulative perpetual preferred stock of $20.0 million).

These auction rate securities consisted of two contingent capital securities that were converted into perpetual preferred stock of AMBAC Assurance Corporation, the issuer, in December 2008 and three debt instruments issued individually by Primus Financial Products LLC (maturity date 2021), River Lake Insurance Company, a wholly-owned subsidiary of Genworth Financial, Inc. (maturity date 2033) and Ballantyne Re Plc (maturity date 2036). We received interest and dividend payments of $0.2 million for the three months ended March 31, 2010 and $0.4 million for the three months ended March 31, 2009. In August 2009, AMBAC discontinued paying dividends on its perpetual preferred stock.

These five securities historically were re-auctioned every twenty-eight days, which had provided a liquid market for them. However, as a result of continuing liquidity concerns in the U.S. for these types of asset-backed securities, every auction held by the issuers for these auction rate securities since late 2007 has failed.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(5) Available-for-Sale Investments (Continued)

We account for these investments as available-for-sale investments on a security-by-security basis and determine whether a decline in fair value below its cost is temporary or other than temporary. The objective of other than temporary impairment analysis under U.S. GAAP is to determine whether the holder of an investment in a debt or equity security for which changes in fair value are not regularly recognized in earnings should recognize a loss in earnings when the investment is impaired. An investment is impaired if the fair value of the investment is less than its amortized cost.

After considering impairment indicators under U.S. GAAP and the severity of declines in estimated fair value, we determined that these investments were impaired. Our evaluation in determining whether this impairment is temporary or other than temporary included, among other factors, the creditworthiness of the issuers and the timelines and level of interest payments received from the issuers, downgrades of credit ratings of some of the issuers and the potential recovery of the investment value. Based on the evaluations discussed above, in the three months ended March 31, 2010, we determined that the securities incurred other than temporary decline in fair market value of $0.7 million.

In the three months ended March 31, 2010, we recorded $0.9 million of unrealized gains ($0.6 million, net of taxes) in other comprehensive income related to an increase in the estimated fair value of the River Lake securities, which was primarily due to an improvement in River Lake's credit spread following their previous decline in value.

See Note 12, "Fair Value Measurements and Other Financial Instruments," for details on the inputs and valuation methodology used to calculate the estimated fair value of these investments.

We continue to monitor developments in the market for auction rate securities including the specific securities in which we have invested. If credit or liquidity conditions relating to these securities or the issuers worsen, we may recognize additional other than temporary impairments, which would result in the recognition of additional losses on our condensed consolidated statement of operations.

(6) Accounts Receivable Securitization Program

We and a group of our U.S. subsidiaries maintain an accounts receivable securitization program with a bank and an issuer of commercial paper administered by the bank. As of March 31, 2010, the maximum purchase limit for receivable interests was $125.0 million.

The amounts available from time to time under the program may be less than $125.0 million due to a number of factors, including but not limited to our credit ratings, accounts receivable balances, the creditworthiness of our customers and our receivables collection experience. Although we do not believe that these restrictive provisions presently materially restrict our operations, if an event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available under the program or termination of the program. During the three months ended March 31, 2010, the level of eligible assets available under the program was lower than $125.0 million primarily due to our current credit rating. As a result, the amount available to us under the program was approximately $79.3 million at March 31, 2010.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(6) Accounts Receivable Securitization Program (Continued)

The program is scheduled to expire in December 2012. The program includes a bank financing commitment that must be renewed annually. The bank financing commitment is scheduled to expire on December 3, 2010. We plan to seek an additional 364 day renewal of the bank commitment before its expiration, but the bank is not obligated to renew the bank financing commitment. While the bank is not obligated to renew the bank financing commitment, we have negotiated annual renewals since the commencement of the program in 2001.

Under limited circumstances, the bank and the issuer of commercial paper can end purchases of receivables interests before the above dates. A downgrade of our long-term senior unsecured debt to BB- or below by Standard & Poor's Rating Services or Ba3 or below by Moody's Investors Service, Inc., or failure to comply with interest coverage, debt leverage ratios or various other ratios related to our receivables collection experience could result in termination of the receivables program. We were in compliance with these ratios at March 31, 2010 and December 31, 2009.

Other income (expense), net, includes the costs associated with our receivables securitization program. These costs primarily relate to program fees, commitment fees, other associated costs and the losses on the sale of the undivided ownership interests in 2009, all of which totaled $0.2 million in 2010 and $0.3 million in 2009.

As of March 31, 2010 and December 31, 2009, we had no amounts outstanding under this program.

As a result of our adoption of new accounting standards related to the transfer of financial assets on January 1, 2010, any transfers of ownership interests in receivables under this program will be considered secured borrowings and will be recorded as liabilities on our condensed consolidated balance sheets. Also, the costs associated with this program related to program fees on any outstanding borrowings under this program will now be included in interest expense, and the costs related to commitment fees on the unused portion of this program will continue to be included in other income (expense), net, on our condensed consolidated statements of operations.

Table of Contents

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

(7) Inventories

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

	March 31, 2010	December 31, 2009
Inventories (at FIFO, which approximates replacement value):		
Raw materials	$ 96.8	$ 90.1
Work in process	103.3	97.2
Finished goods	347.0	326.3
Subtotal (at FIFO)	547.1	513.6
Reduction of certain inventories to LIFO basis	(45.0)	(44.2)
Total	$ 502.1	$ 469.4

We determine the value of non-equipment U.S. inventories by the last-in, first-out or LIFO inventory method. U.S. inventories determined by the LIFO method were $120.3 million at March 31, 2010 and $111.2 million at December 31, 2009.

(8) Property and Equipment, net

The following table details our property and equipment, net, at March 31, 2010 and December 31, 2009.

	March 31, 2010	December 31, 2009
Land and improvements	$ 49.3	$ 49.7
Buildings	596.0	604.1
Machinery and equipment	2,302.0	2,332.0
Other property and equipment	116.9	124.1
Construction-in-progress	46.9	42.7
	3,111.1	3,152.6
Accumulated depreciation and amortization	(2,131.4)	(2,141.9)
Property and equipment, net	$ 979.7	$ 1,010.7

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment for the three months ended March 31, 2010 and 2009.

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Interest cost capitalized	$ 1.3	$ 2.2
Depreciation and amortization expense for property and equipment	36.8	35.3

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(9) Goodwill and Identifiable Intangible Assets

Goodwill

The following table shows our goodwill balances at March 31, 2010 and December 31, 2009 by our reporting unit structure.

	Carrying Value at December 31, 2009	Impact of Foreign Currency Translation	Carrying Value at March 31, 2010
Food Packaging segment	$ 383.6	$ (1.4)	$ 382.2
Food Solutions segment	148.1	(0.6)	147.5
Protective Packaging segment:			
Protective Packaging	1,145.9	(4.3)	1,141.6
Shrink Packaging	115.3	(0.4)	114.9
Total Protective Packaging segment	1,261.2	(4.7)	1,256.5
Other:			
Specialty Materials	110.1	(0.4)	109.7
Medical Applications	45.7	(0.2)	45.5
New Ventures	—	—	—
Total Other	155.8	(0.6)	155.2
Total Company	$ 1,948.7	$ (7.3)	$ 1,941.4

We test goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and at other times if events or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable. During the three months ended March 31, 2010, we determined that there were no events or changes in circumstances that occurred that would indicate that the fair value of any of our reporting units may be below its carrying value.

Identifiable Intangible Assets

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

	March 31, 2010	December 31, 2009
Gross carrying value	$ 116.5	$ 116.8
Accumulated amortization	(60.6)	(58.4)
Total	$ 55.9	$ 58.4

These identifiable intangible assets are included in other assets, net, on the condensed consolidated balance sheets and include $8.9 million of trademarks that we have determined to have an indefinite useful life.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(9) Goodwill and Identifiable Intangible Assets (Continued)

Amortization expense of identifiable intangible assets was $2.8 million for the three months ended March 31, 2010 and $2.9 million for the three months ended March 31, 2009. This expense is included in marketing, administrative and development expenses on the condensed consolidated statements of operations.

Assuming no change in the gross carrying value of identifiable intangible assets from the value at March 31, 2010, the remaining estimated future amortization expense is as follows:

2010	$ 8.0
2011	7.8
2012	6.2
2013	5.2
2014	4.7
Thereafter	15.1
Total	$ 47.0

(10) Debt and Credit Facilities

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

	March 31, 2010	December 31, 2009
Short-term borrowings	$ 14.0	$ 28.2
Current portion of long-term debt	7.5	6.5
Total current debt	21.5	34.7
12% Senior Notes due February 2014(1)	303.2	299.5
7.875% Senior Notes due June 2017, less unamortized discount of $8.0 in 2010 and $8.2 in 2009	392.0	391.8
6.875% Senior Notes due July 2033, less unamortized discount of $1.5 in 2010 and 2009	448.5	448.5
5.625% Senior Notes due July 2013, less unamortized discount of $0.5 in 2010 and $0.6 in 2009	399.5	399.4
Other	17.4	87.1
Total long-term debt, less current portion	1,560.6	1,626.3
Total debt	$ 1,582.1	$ 1,661.0

(1) Amount includes adjustments due to interest rate swaps. See Note 11, "Derivatives and Hedging Activities," for further discussion. The notes were sold pursuant to the Note Purchase Agreement dated February 6, 2009 by and among us, subsidiaries of Berkshire Hathaway Inc. and Davis Selected Advisers, L.P. As indicated in a Schedule 13G/A dated February 12, 2010 filed with the SEC, Davis Selected Advisers, L.P. indicated that it had

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(10) Debt and Credit Facilities (Continued)

sole voting power with respect to 47,828,142 shares and sole dispositive power with respect to 58,959,652 shares of our common stock, which then represented beneficial ownership of approximately 37% of the outstanding shares of our common stock.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit at March 31, 2010 and December 31, 2009 including the global credit facility and European credit facility, which are discussed below.

	March 31, 2010	December 31, 2009
Used lines of credit	$ 25.7	$ 107.1
Unused lines of credit	913.9	846.3
Total available lines of credit	$ 939.6	$ 953.4
Available lines of credit—committed	$ 674.2	$ 686.1
Available lines of credit—uncommitted	265.4	267.3
Total available lines of credit	$ 939.6	$ 953.4

Our principal credit lines were committed and consisted of the global credit facility and the European credit facility. We are not subject to any material compensating balance requirements in connection with our lines of credit.

Global Credit Facility

The global credit facility is available for general corporate purposes, including the payment of amounts required to be paid upon the effectiveness of the Settlement agreement discussed in Note 14, "Commitments and Contingencies." We may re-borrow amounts repaid under the global credit facility from time to time before the expiration or earlier termination of the global credit facility. Our obligations under the global credit facility bear interest at floating rates, which are generally determined by adding the applicable borrowing margin to the base rate or the interbank rate for the relevant currency and time period. The global credit facility provides for changes in borrowing margins based on our long-term senior unsecured debt ratings. The facility has an expiration date of July 26, 2012. As of March 31, 2010, the total amount available under the global credit facility was approximately $472 million.

Facility fees are payable at the rate of 0.20% per annum on the total amounts available under the global credit facility. The global credit facility provides for changes in facility fees based on our long-term senior unsecured debt ratings. Also, the facility provides for springing subsidiary guarantees if our long-term senior unsecured debt ratings by both Moody's and Standard & Poor's fall below investment grade.

At March 31, 2010, there were no amounts outstanding under this facility and we did not utilize this facility in the three months ended March 31, 2010.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(10) Debt and Credit Facilities (Continued)

European Credit Facility

We have a €150 million European credit facility, equivalent to U.S. $202 million at March 31, 2010. The facility has an expiration date of July 26, 2012. A syndicate of banks made this facility available to Sealed Air and a group of our European subsidiaries for general corporate purposes, including the payment of amounts required to be paid upon effectiveness of the Settlement agreement. The terms of this facility are substantially similar to the terms of our global credit facility. We may re-borrow amounts repaid under the European credit facility from time to time before the expiration or earlier termination of the facility.

As of December 31, 2009, we had an outstanding balance of €45 million, which was equivalent to U.S. $64 million. We repaid this outstanding balance in January 2010. Interest expense related to the funds drawn in 2009 under this facility was $0.1 million in the three months ended March 31, 2010 based on a weighted average interest rate of 3.625%. As of March 31, 2010, there were no amounts outstanding under this facility.

The terms of our global credit facility and our European credit facility include a requirement that, upon the occurrence of specified events that would adversely affect the Settlement agreement or would materially increase our liability in respect of the Grace bankruptcy or the asbestos liability arising from the Cryovac transaction, we would be required to repay any amounts outstanding under these facilities or refinance these facilities within 60 days.

Other Lines of Credit

Substantially all our short-term borrowings of $14.0 million at March 31, 2010 and $28.2 million at December 31, 2009 were outstanding under lines of credit available to several of our foreign subsidiaries. The following table details our other lines of credit at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Available lines of credit	$ 265.4	$ 267.3
Unused lines of credit	239.7	224.4
Weighted average interest rate	7.8%	5.5%

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The principal limitations restrict liens, sale and leaseback transactions and mergers, acquisitions and dispositions. Our global credit facility and our European credit facility contain financial covenants relating to interest coverage, debt leverage and minimum liquidity and restrictions on the creation of liens, the incurrence of additional indebtedness, acquisitions, mergers and consolidations, asset sales, and amendments to the Settlement agreement discussed above. We were in compliance with the above financial covenants and limitations, as applicable, at March 31, 2010 and December 31, 2009.

(11) Derivatives and Hedging Activities

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

We are exposed to market risk, 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.

Foreign Currency Forward Contracts

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 certain foreign currency denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these contracts are recognized in other income (expense), net, on the condensed consolidated statements of operations and are largely offset by the remeasurement of the underlying foreign currency denominated items. These contracts have original maturities of less than 12 months.

At March 31, 2010, we were party to foreign currency forward contracts with an aggregate notional amount of $270.7 million maturing through December 2010. At December 31, 2009, we were party to foreign currency forward contracts with an aggregate notional amount of $282.8 million maturing through December 2010.

The estimated fair value of these contracts, which represents the estimated net payments that would be paid or that would be received by us in the event of their termination, based on the then current foreign currency exchange rates, was a net current asset of $1.1 million at March 31, 2010 and net current liability of $3.6 million at December 31, 2009. The related net gains and losses were largely offset by the net losses and gains resulting from the remeasurement of the underlying foreign currency denominated transactions.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(11) Derivatives and Hedging Activities (Continued)

Cash Flow Hedges

We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in other comprehensive income to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in other income (expense), net, on the condensed consolidated statements of operations.

Net unrealized after tax gains (losses) related to these contracts that were included in other comprehensive income for the three months ended March 31, 2010 and 2009 were immaterial. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

Interest Rate Swaps

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

At March 31, 2010, we had outstanding interest rate swaps with a total notional amount of $200.0 million that qualified and were designated as fair value hedges. We entered into these interest rate swaps to effectively convert a portion of our 12% Senior Notes into floating rate debt. We recorded a mark to market adjustment to record an increase of $3.2 million at March 31, 2010 in the carrying amount of the 12% Senior Notes due to changes in interest rates and an offsetting increase to other assets at March 31, 2010 to record the fair value of the related interest rate swaps. There was no ineffective portion of the hedges recognized in earnings during the period.

At December 31, 2009, we recorded a mark to market adjustment to record a decrease of $0.5 million in the carrying amount of the 12% Senior Notes due to changes in interest rates and an offsetting increase to other liabilities at December 31, 2009 to record the fair value of the related interest rate swaps. There was no ineffective portion of the hedges recognized in earnings during the period.

In the three months ended March 31, 2010, under the terms of the $200.0 million (notional amount) outstanding interest rate swap agreements, we received interest at a fixed rate and paid interest at variable rates that were based on the one-month London Interbank Offered Rate, or LIBOR. As a result, interest expense was reduced by $0.6 million in the three months ended March 31, 2010.

Other Derivative Instruments

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure due to foreign exchange rates and interest rate and currency swaps related to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At March 31, 2010, we had no foreign exchange options or interest rate and currency swap agreements outstanding.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(11) Derivatives and Hedging Activities (Continued)

See Note 12, "Fair Value Measurements and Other Financial Instruments," for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

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

	Fair Value of Asset Derivatives(1)		Fair Value of (Liability) Derivatives(1)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Derivatives designated as hedging instruments:				
Foreign currency forward contracts (cash flow hedges)	$ —	$ 0.1	$ (0.1)	$ (0.2)
Interest rate swaps	$ 3.2	$ —	$ —	$ (0.5)
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts	$ 1.4	$ 0.1	$ (0.2)	$ (3.6)
Total	$ 4.6	$ 0.2	$ (0.3)	$ (4.3)

(1) Asset derivatives were included in other current assets for the foreign currency forward contracts and other assets for the interest rate swaps. Liability derivatives were included in other current liabilities for foreign currency forward contracts and other liabilities for interest rate swaps.

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

	Amount of Gain (Loss) Recognized in Net Earnings on Derivatives(1)	
	Three Months Ended March 31,	
	2010	2009
Derivatives designated as hedging instruments:		
Interest rate swaps	$ 0.6	$ —
Foreign currency forward contracts(2)	(0.1)	—
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts(2)	(25.3)	(2.8)
Total	$ (24.8)	$ (2.8)

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(11) Derivatives and Hedging Activities (Continued)

(2) The net losses included above were substantially offset by the net gains resulting from the remeasurement of the underlying foreign currency denominated items.

(12) Fair Value Measurements and Other Financial Instruments

Fair Value Measurements

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

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

March 31, 2010	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 7.4	$ —	$ 7.4	$ —
Available-for-sale securities	$ 13.8	$ —	$ —	$ 13.8
Derivative financial instruments net asset:				
Interest rate swaps	$ 3.2	$ —	$ 3.2	$ —
Foreign currency forward contracts	$ 1.1	$ —	$ 1.1	$ —

December 31, 2009	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 65.0	$ —	$ 65.0	$ —
Available-for-sale securities	$ 13.7	$ —	$ —	$ 13.7
Derivative financial instruments net liability:				
Interest rate swaps	$ 0.5	$ —	$ 0.5	$ —
Foreign currency forward contracts	$ 3.6	$ —	$ 3.6	$ —

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(12) Fair Value Measurements and Other Financial Instruments (Continued)

The following table shows a reconciliation of our available-for-sale securities, which are measured at fair value on a recurring basis using Level 3 inputs, as of March 31, 2010 (in millions):

Estimated fair value as of December 31, 2009	$ 13.7
Unrealized gains recorded in other comprehensive income in 2010	0.9
Other than temporary impairment included in earnings in 2010	(0.7)
Unrealized gains reclassified to net earnings from other comprehensive income in 2010	(0.1)
Estimated fair value as of March 31, 2010	$ 13.8

Cash Equivalents

Our cash equivalents at March 31, 2010 consisted of investments in U.S. Treasury obligations (fair value determined using Level 2 inputs). Our cash equivalents at December 31, 2009 consisted of investments in commercial paper (fair value determined using Level 2 inputs). Since these are short-term highly liquid investments with original maturities of three months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates.

Available-for-Sale Securities

Available-for-sale securities consist of auction rate securities, which are recorded at fair value on the condensed consolidated balance sheets using an income approach valuation technique based on our interpretation by analysis and from related securities in secondary markets (Level 3 inputs).

Since these auction rate securities do not currently have readily available or observable prices, we used the income approach to determine the fair value of these securities. We calculated an estimated fair value for these investments using a bond calculation. The valuation methodology included the following inputs and assumptions:

Maturity—Our debt instruments investments have stated maturities that exceed 10 years, while the other investments are non-cumulative perpetual preferred stock investments with no maturity dates. Our valuation model assumes that auctions of all of the investments will resume or that a financial resolution will otherwise be achieved within the next 10 years (the "workout period").

Coupon—All of these investments are variable rate instruments, with interest rates resetting every 28 days based on a pre-determined formula. Since the workout period is assumed to be 10 years, we used the 10-year U.S. dollar interest rate swap rate plus an additional issuer specific credit spread to reflect a fixed coupon for the debt instruments over the 10-year period. Our coupon assumptions for the March 31, 2010 and December 31, 2009 fair value valuations include a zero coupon rate for the two perpetual preferred stock investments since AMBAC (the securities' issuer) discontinued its dividend payments on these securities.

Yield-to-Maturity—We used the 10-year U.S. dollar interest rate swap rate plus credit default swap spreads for each issuer. We also included an additional liquidity risk premium of 100 basis points in our yield-to-maturity assumption.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(12) Fair Value Measurements and Other Financial Instruments (Continued)

Our valuation methodology calculations are subjective and involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect our estimates.

See Note 5, "Available-for-Sale Investments," for additional information.

Derivative Financial Instruments

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

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

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

Counterparties to these foreign currency forward contracts and interest rate swaps are rated at least A- by Standard & Poor's and A3 by Moody's. None of these counterparties experienced any significant ratings downgrades in the three months ended March 31, 2010. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

Other Financial Instruments

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

Other liabilities that are recorded at carrying value on our condensed consolidated balance sheets include our senior notes. To calculate the fair value of our senior notes at March 31, 2010 and December 31, 2009, we utilized a market approach. Due to their limited investor base and the relatively small face value of each issue of the senior notes, they may not be actively traded on the date the fair value is calculated. Therefore, we 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 each of our senior notes. These inputs are provided by an independent third party and are considered to be Level 2 inputs as described above.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(12) Fair Value Measurements and Other Financial Instruments (Continued)

We derived the 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 carrying amounts and estimated fair values of our debt at March 31, 2010 and December 31, 2009 were as follows:

	March 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
12% Senior Notes due February 2014(1)	$ 303.2	$ 365.8	$ 299.5	$ 372.5
7.875% Senior Notes due June 2017	392.0	428.0	391.8	424.0
6.875% Senior Notes due July 2033	448.5	433.1	448.5	423.0
5.625% Senior Notes due July 2013	399.5	422.0	399.4	416.0
Other foreign loans	27.5	20.9	109.0	115.4
Other loans	11.4	22.2	12.8	23.8
Total debt	$ 1,582.1	$ 1,692.0	$ 1,661.0	$ 1,774.7

(1) The carrying value and fair value of such debt included adjustments due to interest rate swaps. See Note 11, "Derivatives and Hedging Activities."

(13) Income Taxes

Effective Income Tax Rate and Income Tax Provision

Our effective income tax rate was 28.8% for both the three months ended March 31, 2010 and 2009.

For both the three months ended March 31, 2010 and 2009, our effective income tax rate was lower than the statutory U.S. federal income tax rate of 35% primarily due to a lower net effective income tax rate on foreign earnings and the inclusion of tax benefits from the domestic manufacturing deduction, partially offset by state income taxes. The rate for the three months ended March 31, 2009 was also lower than the statutory U.S. rate because of certain U.S. tax credits that expired on December 31, 2009.

Unrecognized Tax Benefits

There have been no material changes to our unrecognized tax benefits as reported at March 31, 2010, nor have we changed our policy in regard to the reporting of penalties and interest related to unrecognized tax benefits.

(14) Commitments and Contingencies

Cryovac Transaction Commitments and Contingencies

Settlement Agreement and Related Costs

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

We recorded a pre-tax charge of $850.1 million as a result of the Settlement agreement on our condensed consolidated statement of operations for the year ended December 31, 2002. The charge consisted of the following items:

- a charge of $512.5 million covering a cash payment that we will be required to make under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy. Because we cannot predict when a plan of reorganization may become effective, we recorded this liability as a current liability on our condensed consolidated balance sheet at December 31, 2002. Under the terms of the Settlement agreement, this amount accrues interest at a 5.5% annual rate from December 21, 2002 to the date of payment. We have recorded this interest in interest expense on our condensed consolidated statements of operations and in Settlement agreement and related accrued interest on our condensed consolidated balance sheets. The accrued interest, which is compounded annually, was $244.5 million at March 31, 2010 and $234.3 million at December 31, 2009.

- a non-cash charge of $321.5 million representing the fair market value at the date we recorded the charge of nine million shares of Sealed Air common stock that we expect to issue under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy, which was adjusted to eighteen million shares due to our two-for-one stock split in March 2007. These shares are subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock. The fair market value of our common stock was $35.72 per pre-split share ($17.86 post-split) as of the close of business on December 5, 2002. We recorded this amount on our condensed consolidated balance sheet at December 31, 2002 as follows: $0.9 million representing the aggregate par value of these shares of common stock reserved for issuance related to the Settlement agreement, and the remaining $320.6 million, representing the excess of the

(14) Commitments and Contingencies (Continued)

aggregate fair market value over the aggregate par value of these common shares, in additional paid-in capital. The diluted net earnings per common share calculations for the March 31, 2010 and 2009 periods reflect the eighteen million shares of common stock that we have reserved for issuance related to the Settlement agreement.

- $16.1 million of legal and related fees as of December 31, 2002.

Settlement agreement and related costs reflected legal and related fees for Settlement-related matters of $0.3 million for the three months ended March 31, 2010 and $0.5 million in the three months ended March 31, 2009 which are included in other income (expense), net, on our condensed consolidated statements of operations.

Cryovac Transaction

On March 31, 1998, we completed a multi-step transaction that brought the Cryovac packaging business and the former Sealed Air Corporation's business under the common ownership of the Company. These businesses operate as subsidiaries of the Company, and the Company acts as a holding company. As part of that transaction, the parties separated the Cryovac packaging business, which previously had been held by various direct and indirect subsidiaries of the Company, from the remaining businesses previously held by the Company. The parties then arranged for the contribution of these remaining businesses to a company now known as W. R. Grace & Co., and the Company distributed the Grace shares to the Company's stockholders. As a result, W. R. Grace & Co. became a separate publicly owned company. The Company recapitalized its outstanding shares of common stock into a new common stock and a new convertible preferred stock. A subsidiary of the Company then merged into the former Sealed Air Corporation, which became a subsidiary of the Company and changed its name to Sealed Air Corporation (US).

Discussion of Cryovac Transaction Commitments and Contingencies

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

Since the beginning of 2000, we have been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, we are responsible for alleged asbestos liabilities of Grace and its subsidiaries, some of which were also named as co-defendants in some of these actions. Among these lawsuits are several purported class actions and a number of personal injury lawsuits. Some plaintiffs seek damages for personal injury or wrongful death, while others seek medical monitoring,

(14) Commitments and Contingencies (Continued)

environmental remediation or remedies related to an attic insulation product. Neither the former Sealed Air Corporation nor Cryovac, Inc. ever produced or sold any of the asbestos-containing materials that are the subjects of these cases. None of these cases has reached resolution through judgment, settlement or otherwise. As discussed below, Grace's Chapter 11 bankruptcy proceeding has stayed all of these cases.

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

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

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

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

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

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

With the fraudulent transfer trial set to commence on December 9, 2002, on November 27, 2002, we reached an agreement in principle with the Committees prosecuting the claims against the Company and Cryovac, Inc., to resolve all current and future asbestos-related claims arising from the Cryovac transaction. On the same day, the court entered an order confirming that the parties had reached an amicable resolution of the disputes among the parties and that counsel for us and the Committees had agreed and bound the parties to the terms of the agreement in principle. As discussed above, the agreement in principle called for payment of nine million shares of our common stock and $512.5 million in cash, plus interest on the cash payment at a 5.5% annual rate starting on December 21, 2002 and ending on the effective date of an appropriate plan of reorganization in the Grace bankruptcy, when we are required to make the payment. These shares are subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock, and as a result, the number of shares of our common stock that we will issue increased to eighteen million shares upon the two-for-one stock split in March 2007. On December 3, 2002, the Company's Board of Directors approved the agreement in principle. We received notice that both of the Committees had approved the agreement in principle as of December 5, 2002. The parties subsequently signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On November 26, 2003, the parties jointly presented the definitive Settlement agreement to the U.S. District Court for the District of Delaware for approval. On Grace's motion to the U.S. District Court, that court transferred the motion to approve the Settlement agreement to the Bankruptcy Court for disposition.

On June 27, 2005, the Bankruptcy Court signed an order approving the Settlement agreement. Although Grace is not a party to the Settlement agreement, under the terms of the order, Grace is directed to comply with the Settlement agreement subject to limited exceptions. The order also provides that the Court will retain jurisdiction over any dispute involving the interpretation or

(14) Commitments and Contingencies (Continued)

enforcement of the terms and provisions of the Settlement agreement. We expect that the Settlement agreement will become effective upon Grace's emergence from bankruptcy pursuant to a plan of reorganization that is consistent with the terms of the Settlement agreement.

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

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

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

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

Settlement and for a contemplated plan of reorganization that would incorporate the PI Settlement (as filed and amended from time to time, the "PI Settlement Plan").

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

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

Although we are optimistic that, if confirmed, the PI Settlement Plan would implement the terms of the Settlement agreement, we can give no assurance that this will be the case. The terms of the PI Settlement Plan remain subject to amendment. Moreover, the PI Settlement Plan is subject to the satisfaction of a number of conditions, including the availability of exit financing and the approval of both the Bankruptcy Court and United States District Court for the District of Delaware (the "District Court"). Parties have filed a number of objections to the PI Settlement Plan, some of which remain unresolved, and some of these objections concern injunctions, releases and provisions as applied to us and/or that are contemplated by the Settlement agreement.

The Bankruptcy Court has conducted hearings to consider confirmation of the PI Settlement Plan and has heard closing arguments with respect to the PI Settlement Plan, but additional hearings may be held by the Bankruptcy Court and the District Court to consider matters related to the PI Settlement Plan. Grace, the ACC, the FCR, and the Equity Committee have filed, as co-proponents, a proposed confirmation order with respect to the PI Settlement Plan. However, the Bankruptcy Court has not indicated whether it will confirm the PI Settlement Plan and, as indicated above, objections to the PI Settlement Plan remain pending (including objections relating to injunctions, releases and provisions as applied to us and/or that are contemplated by the Settlement agreement). We do not know whether or when a final plan of reorganization will be confirmed or become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court, approved by the District Court, and does become effective, we do not know whether the final plan of reorganization will be consistent with the terms of the Settlement agreement or if the other conditions to our obligation to pay the Settlement agreement amount will be met. If these conditions are not satisfied or not waived by us, we will not be obligated to pay the amount contemplated by the Settlement agreement. However, if we do not pay the Settlement agreement amount, we will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us and all of these claims would remain pending and would have to be resolved through other means, such as through agreement on alternative settlement terms or trials. In that case, we could face liabilities that are significantly different from our obligations under the Settlement agreement. We cannot estimate at this time what those differences or their magnitude may be. In the event these liabilities are materially larger than the current existing obligations, they could have a material adverse effect on our consolidated financial position and results of operations.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

Fresenius Claims

In January 2002, we filed a declaratory judgment action against Fresenius Medical Care Holdings, Inc., its parent, Fresenius AG, a German company, and specified affiliates in New York State court asking the court to resolve a contract dispute between the parties. The Fresenius parties contended that we were obligated to indemnify them for liabilities that they might incur as a result of the 1996 Fresenius transaction mentioned above. The Fresenius parties' contention was based on their interpretation of the agreements between them and W. R. Grace & Co.—Conn. in connection with the 1996 Fresenius transaction. In February 2002, the Fresenius parties announced that they had accrued a charge of $172.0 million for these potential liabilities, which included pre-transaction tax liabilities of Grace and the costs of defense of litigation arising from Grace's Chapter 11 filing. We believe that we were not responsible to indemnify the Fresenius parties under the 1996 agreements and filed the action to proceed to a resolution of the Fresenius parties' claims. In April 2002, the Fresenius parties filed a motion to dismiss the action and for entry of declaratory relief in its favor. We opposed the motion, and in July 2003, the court denied the motion without prejudice in view of the November 27, 2002 agreement in principle referred to above. As noted above, under the Settlement agreement, we and the Fresenius parties will exchange mutual releases, which will release us from any and all claims related to the 1996 Fresenius transaction.

Canadian Claims

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

In April 2001, Grace Canada, Inc. had obtained an order of the Superior Court of Justice, Commercial List, Toronto (the "Canadian Court"), recognizing the Chapter 11 actions in the United States of America involving Grace Canada, Inc.'s U.S. parent corporation and other affiliates of Grace Canada, Inc., and enjoining all new actions and staying all current proceedings against Grace Canada, Inc. related to asbestos under the *Companies' Creditors Arrangement Act*. That order has been renewed repeatedly. In November 2005, upon motion by Grace Canada, Inc., the Canadian Court ordered an extension of the injunction and stay to actions involving asbestos against the Company and its Canadian affiliate and the Attorney General of Canada, which had the effect of staying all of the Canadian actions referred to above. The parties finalized a global settlement of these Canadian actions (except for claims against the Canadian government). That settlement, which has subsequently been amended (the "Canadian Settlement") will be entirely funded by Grace. The Canadian Court issued an Order on December 13, 2009 approving the Canadian Settlement. We do not have any positive obligations under the Canadian Settlement, but we are a beneficiary of the release of claims. The release in favor of the Grace parties (including us) will become operative upon the effective date of a plan of reorganization in Grace's United States Chapter 11 bankruptcy proceeding. As filed, the PI Settlement Plan contemplates that the claims released under the Canadian Settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. By its terms, the Canadian Settlement will, unless amended, become null and void if a confirmation order in the Grace U.S. bankruptcy proceeding is not granted prior to December 31, 2010. We can give no assurance that the PI Settlement Plan (or any other plan of reorganization) will be confirmed by the Bankruptcy Court, approved by the District Court, or will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court, approved by the District Court, and does become effective, if the final plan of reorganization does not incorporate the terms of the Canadian Settlement or if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify the Company and its subsidiaries in these cases, then we could be required to pay substantial damages, which we cannot estimate at this time and which could have a material adverse effect on our consolidated financial position and results of operations.

Additional Matters Related to the Cryovac Transaction

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

Final determinations and accountings under the Cryovac transaction agreements with respect to matters pertaining to the transaction had not been completed at the time of Grace's Chapter 11 filing in 2001. We have filed claims in the bankruptcy proceeding that reflect the costs and liabilities that we have incurred or may incur that Grace and its affiliates agreed to retain or that are subject to indemnification by Grace and its affiliates under the Cryovac transaction agreements, other than payments to be made under the Settlement agreement. Grace has alleged that we are responsible for specified amounts under the Cryovac transaction agreements. Subject to the terms of the Settlement

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(14) Commitments and Contingencies (Continued)

agreement, amounts for which we may be liable to Grace may be used to offset the liabilities of Grace and its affiliates to us. We intend to seek indemnification by Grace and its affiliates for defense costs related to asbestos and fraudulent transfer litigation and the Fresenius claims, and approximately $8.1 million paid by us on account of our guaranty of debt issued by W. R. Grace & Co.—Conn. Except to the extent of any potential setoff or similar claim, we expect that our claims will be as an unsecured creditor of Grace. Since portions of our claims against Grace and its affiliates are contingent or unliquidated, we cannot determine the amount of our claims, the extent to which these claims may be reduced by setoff, how much of the claims may be allowed, or the amount of our recovery on these claims, if any, in the bankruptcy proceeding.

Other Litigation and Claims

The Company and its subsidiary Sealed Air Corporation (US) are named as defendants in the case of *Albert L. Gray, Administrator, et al. v. Jeffrey Derderian, et al. (Case No. 04-312L)* in the U.S. District Court for the District of Rhode Island. This lawsuit seeks monetary damages arising out of a fire that occurred at the Station nightclub in West Warwick, Rhode Island on February 23, 2003. Our subsidiary is alleged to have designed, manufactured, distributed and/or sold polyethylene foam material that was purportedly installed as soundproofing at the Station nightclub. The Third Amended Master Complaint in this lawsuit was subsequently adopted by the plaintiffs in the case of *Estate of Jude B. Henault, et al. v. American Foam Corporation, et al. (Case No. 03-483L)* as well as twelve related lawsuits all pending in the United States District Court for the District of Rhode Island. We and our insurance carriers have reached a settlement in principle of these lawsuits with representative counsel for the plaintiffs. Our primary and first excess insurance carrier will fully fund the settlement in the amount of $25.0 million. As a result of the settlement in principle, in 2008 we recorded a current liability in the amount of $25.0 million on our condensed consolidated balance sheet. We also recorded a corresponding current asset on our condensed consolidated balance sheet in 2008 for $24.5 million for the portion of the claim that is covered by our primary and first excess insurance carriers. We also recorded a pre-tax charge of $0.5 million in 2008 for the amount of the deductible payable by us, which was included in other income (expense), net, on the condensed consolidated statement of operations. This settlement in principle remains subject to Court approval and satisfaction of other conditions detailed in notices of settlement filed with the Court.

(15) Stockholders' Equity

Quarterly Cash Dividends

On April 13, 2010, our Board of Directors declared a quarterly cash dividend of $0.12 per common share. This dividend is payable on June 18, 2010 to stockholders of record at the close of business on June 4, 2010. The estimated amount of this dividend payment is $19.1 million based on 159.5 million shares of our common stock issued and outstanding as of April 30, 2010.

On February 18, 2010, our Board of Directors declared a quarterly cash dividend of $0.12 per common share, which was paid on March 19, 2010 to stockholders of record at the close of business on March 5, 2010. We used $19.1 million of available cash to pay this quarterly cash dividend.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(15) Stockholders' Equity (Continued)

The dividend payments discussed above are recorded as reductions to retained earnings on our condensed consolidated balance sheets. From time to time, we may consider other means of returning value to our stockholders based on our consolidated financial position and results of operations. There is no guarantee that our Board of Directors will declare any further dividends.

2005 Contingent Stock Plan

Total Share-based Compensation

We record share-based compensation expense in marketing, administrative and development expenses on the condensed consolidated statements of operations with a corresponding credit to additional paid-in capital within stockholders' equity based on the fair value of share-based compensation awards at the date of grant. Total share-based compensation expense related to all of our share-based compensation programs was $7.5 million in three months ended March 31, 2010 and $6.3 million in the three months ended March 31, 2009. At March 31, 2010, the estimated amount of share-based compensation related to all of our share-based compensation programs expected to be recognized on a straight-line basis over the respective remaining vesting periods for all awards through 2013 was $50.1 million. The discussion that follows details our share-based compensation programs.

PSU Awards

As part of our long term incentive program adopted in 2008, during the first 90 days of each year starting in 2008, the Organization and Compensation Committee of our Board of Directors, or Compensation Committee, has approved Performance Share Unit (PSU) awards for our executive officers and other selected key executives, which includes for each officer or executive a target number of shares of common stock and performance goals and measures that will determine the percentage of the target award that is earned following the end of the performance period.

2010 Three-year PSU Awards

In March 2010, the Compensation Committee approved awards with a three-year performance period beginning January 1, 2010. The Compensation Committee established new principal performance goals for the 2010 PSU awards, which were three-year cumulative volume growth of net sales and the three-year average return on invested capital during the performance period (fiscal 2010 through fiscal 2012). These performance goals are outlined in further detail in the Proxy Statement for our 2010 Annual Meeting of Stockholders. The total target number of shares of common stock that can be earned is 453,654 shares for these 2010 PSU awards. If the threshold level is achieved for either of the two performance goals mentioned above, then the number of shares earned for each participant can be increased (if the additional goal mentioned below is achieved) or decreased (if the additional goal mentioned below is not achieved) by up to 10% of the target level at the discretion of the Compensation Committee, or an aggregate of 45,365 shares for all participants. The additional goal is a 2012 safety result. At about the same time that shares are issued to participants following the performance period, 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

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(15) Stockholders' Equity (Continued)

that they have earned. As of March 31, 2010, we have accrued a nominal amount for these dividends in other current liabilities on our condensed consolidated balance sheet.

The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares depending on the level of achievement of the performance goals and measures, plus or minus the 45,365 additional shares mentioned above.

Each quarter, we recognize an expense or credit reflecting the effects of changes in the probability of achieving the performance goals and measures. We include these adjustments in marketing, administrative and development expenses.

Share-based compensation expense related to these awards was $0.8 million for the three months ended March 31, 2010, using a grant date share price of $20.88 on March 8, 2010. This expense was calculated based on management's estimate as of March 31, 2010 of the level of achievement of the performance goals and measures, which was determined to be at the target level in the three months ended March 31, 2010.

As of March 31, 2010, the estimated amount of share-based compensation expense expected to be recognized on a straight-line basis over the respective remaining vesting periods of these awards was approximately $2.4 million in 2010 and $3.2 million in both 2011 and 2012. The estimated amount of this future share-based compensation expense will fluctuate based on: (1) the level of achievement of the three-year goals and measures considered probable in future quarters, which impacts the number of shares that could be issued; and (2) share price of our common stock in 2012, which will impact the expense related to the additional shares.

2009 Two-year and Three-year PSU Awards

Share-based compensation expense related to the 2009 two-year and three-year PSU awards was $3.3 million for the three months ended March 31, 2010 and $2.0 million for the same period in 2009. This expense was calculated based on management's estimate at the end of each respective reporting period of the level of achievement of the operating performance goals and measures. This expense for 2010 also reflects a change made to a discretionary clause that was originally included in this program. The operating performance goals and measures as well as the change in a discretionary clause, are outlined in further detail in the Proxy Statement for our 2010 Annual Meeting of Stockholders. Probable achievement of these operating performance goals and measures was determined to be at the maximum level for the three months ended March 31, 2010 and at the target level for the same period in 2009.

Each quarter, we recognize an expense or credit reflecting the effects of changes in the probability of achieving the operating performance goals and measures. We include these adjustments in marketing, administrative and development expenses. Participants 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. As of March 31, 2010, we have accrued a nominal amount for these dividends in other current liabilities on our condensed consolidated balance sheet.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(15) Stockholders' Equity (Continued)

As of March 31, 2010, the estimated amount of share-based compensation expense expected to be recognized on a straight-line basis over the respective remaining vesting periods of these awards was approximately $15.4 million in 2010 and $8.2 million in 2011. The estimated amount of this future share-based compensation expense will fluctuate based on: (1) the level of achievement of the two-year and three-year goals and measures considered probable in future quarters, which impacts the number of shares that could be issued; and (2) the future share price of our common stock, which impacts the expense related to additional discretionary shares.

Other Long-term Share-based Incentive Compensation

Under our executive compensation program, we have the ability to grant to our executive officers and a small number of other key executives stock leverage opportunity awards, known as SLO awards, as part of our annual incentive plan. The SLO awards are described in further detail in our Proxy Statement for our 2010 Annual Meeting of Stockholders. Other employees are eligible to receive awards of restricted stock, restricted stock units and cash awards as long-term share-based incentive compensation under our 2005 Contingent Stock Plan. Our executive officers and other key executives may also receive awards of restricted stock or restricted stock units from time to time.

Share-based compensation expense related to these awards was $3.4 million for the three months ended March 31, 2010 and $4.3 million for the same period in 2009. At March 31, 2010, the estimated amount of share-based compensation expense expected to be recognized on a straight-line basis over the respective remaining vesting periods for these awards through 2013 was $17.7 million.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(16) Net Earnings Per Common Share

The following table sets forth the calculation of basic and diluted net earnings per common share for the three months ended March 31, 2010 and 2009.

	Three Months Ended March 31,	
	2010	2009
Basic Net Earnings Per Common Share:		
Numerator		
Net earnings available to common stockholders	**$ 61.2**	**$ 58.1**
Distributed and allocated undistributed net earnings to non-vested restricted stockholders	(0.4)	(0.5)
Distributed and allocated undistributed net earnings to common stockholders	60.8	57.6
Distributed net earnings—dividends paid to common stockholders	(19.0)	(18.9)
Allocation of undistributed net earnings to common stockholders	**$ 41.8**	**$ 38.7**
Denominator		
Weighted average number of common shares outstanding—basic	**157.8**	**156.7**
Basic net earnings per common share:		
Distributed net earnings to common stockholders	$ 0.12	$ 0.12
Allocated undistributed net earnings to common stockholders	0.26	0.25
Basic net earnings per common share:	**$ 0.38**	**$ 0.37**
Diluted Net Earnings Per Common Share:		
Numerator		
Distributed and allocated undistributed net earnings to common stockholders	$ 60.8	$ 57.6
Add: Allocated undistributed net earnings to non-vested restricted stockholders	0.3	0.3
Interest on 3% Convertible Senior Notes, net of taxes(1)	—	2.0
Less: Undistributed net earnings reallocated to non-vested restricted stockholders	(0.3)	(0.3)
Net earnings available to common stockholders—diluted	**$ 60.8**	**$ 59.6**
Denominator		
Weighted average number of common shares outstanding—basic	157.8	156.7
Effect of assumed issuance of Settlement agreement shares	18.0	18.0
Effect of non-vested restricted stock and restricted stock units	0.3	0.2
Effect of conversion of 3% Convertible Senior Notes(1)	—	13.0
Weighted average number of common shares outstanding—diluted	**176.1**	**187.9**
Diluted net earnings per common share	**$ 0.35**	**$ 0.32**

(1) On July 19, 2009, we redeemed all of our 3% Convertible Senior Notes due June 2033.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(16) Net Earnings Per Common Share (Continued)

Diluted weighted average number of common shares outstanding provides for the following items if their inclusion is dilutive: (1) the effect of assumed issuance of 18 million shares of common stock reserved for the Settlement agreement in 2010 and 2009, (2) the effect of non-vested restricted stock and restricted stock units using the treasury stock method in 2010 and 2009 and (3) the effect of conversion of our then-outstanding 3% Convertible Senior Notes due June 2033 in 2009.

Under U.S. GAAP, since the PSU awards discussed in Note 15, "Stockholders' Equity," are contingently issuable shares that are based on a condition other than earnings or market price, these share have been excluded from the diluted weighted average number of common shares outstanding for the three months ended March 31, 2010 and 2009 because they have not met the performance conditions as of these dates.

(17) Other Income (Expense), net

The following table provides details of other income, net:

	Three Months Ended March 31,	
	2010	2009
Interest and dividend income	$ 2.0	$ 1.7
Net foreign exchange transaction gains (losses)	0.7	(2.9)
Settlement agreement and related costs	(0.3)	(0.5)
Noncontrolling interests	0.5	0.3
Costs associated with our accounts receivable securitization program	(0.2)	(0.3)
Other, net	0.8	(1.7)
Other income (expense), net	$ 3.5	$ (3.4)

Net foreign exchange transaction gains (losses) includes the impact of changes in value associated with amounts receivable or payable on transactions denominated in foreign currencies and amounts related to certain foreign currency denominated receivables and payables and interest-bearing intercompany loans. We enter into foreign currency forward contracts to manage the potential changes in value associated with these transactions and intercompany items mentioned above, and the amounts included above are net of any gains or losses resulting from our foreign currency forward contracts. See Note 11, "Derivatives and Hedging," for further discussion of our foreign currency forward contracts.

(18) Subsequent Event

Expansion in Brazil

In April 2010, we announced the investment in a new manufacturing facility in Brazil for expanded capacity in this region primarily for our Food Packaging segment. Total capital expenditures related to this investment are estimated to be approximately $20 million at the March 31, 2010 exchange rate for the Brazilian real. Most of these expenditures are expected to occur in 2010 with additional amounts expected in 2011.

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

The information in Management's Discussion and Analysis of Financial Condition and Results of Operations 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, Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and our consolidated financial statements and related notes set forth in Item 8 of Part II of that Form 10-K. See Part II, Item 1A, "Risk Factors" and "Cautionary Notice Regarding Forward-Looking Statements," below, and the information referenced therein, for a description of risks that the Company faces 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.

Non-U.S. GAAP Information

In Management's Discussion and Analysis of Financial Condition and Results of Operations, we present financial information in accordance with U.S. GAAP, but we also present financial measures that do not conform to U.S. GAAP, which we refer to as non-U.S. GAAP. As discussed below, we provide this supplemental information as our management believes it is useful to investors. Investors should use caution, however, when reviewing our non-U.S. GAAP presentations. The non-U.S. GAAP information is not a substitute for U.S. GAAP information. It does not purport to represent the similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Further, non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others.

In our "2010 Outlook" below, we present anticipated full year 2010 diluted net earnings per common share on a U.S. GAAP basis, but also on a non-U.S. GAAP adjusted basis—excluding an estimated $0.02 charge related to GMS. We believe that excluding the anticipated GMS charge from our projected earnings aids in the comparison of our earnings performance between 2010 and prior years. Our management will look at our earnings performance both including the GMS charge and excluding it. Further, we may use adjusted earnings per share results to determine incentive compensation. Thus, our management believes that this information may be useful to investors.

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

2010 Outlook

We are anticipating a modest recovery in global economic conditions in 2010 as daily sales trends continued to improve through the first quarter as compared to the same period in 2009. We are assuming that the pace and timing of the recovery will be led by developing regions, with more advanced economies experiencing a slower, more modest rate of recovery. As a result, we are anticipating a 4% to 6% growth in constant dollar sales from a combination of unit volume growth and product price/mix. We expect volume growth to represent the majority of the sales increase in the year, followed by the benefits of our pricing actions taken in the first quarter which are expected to yield benefits starting late in the second quarter.

As average petrochemical-based raw material prices increased in the first quarter, our current outlook anticipates a low double-digit percent increase in the average cost of resin for the full year with the peak cost occurring in the second quarter. We expect to largely recover these higher resin costs by the end of the year through announced price increases of 4% to 9% globally. We expect foreign exchange to be modestly favorable for the full year as the unfavorable translational effect of the weakening euro is expected to be offset by other appreciating currencies relative to the U.S. dollar. We continue to anticipate marketing, administrative and development expenses to be in the range of 16% to 17% of net sales, capital expenditures to be $80 to $100 million, and a full year 2010 effective tax rate of 27%.

As a result, we have reaffirmed our full year 2010 diluted net earnings per common share to be in the range of $1.48 to $1.68, or $1.50 to $1.70 on an adjusted basis to exclude an estimated $0.02 charge related to the remaining portion of our Global Manufacturing Strategy, or GMS.

Recent Events

Expansion in Brazil

In April 2010, we announced the investment in a new manufacturing facility in Brazil for expanded capacity in this region primarily for our Food Packaging segment. Total capital expenditures related to this investment are estimated to be approximately $20 million at the March 31, 2010 exchange rate for the Brazilian real. Most of these expenditures are expected to occur in 2010 with additional amounts expected in 2011.

Quarterly Cash Dividends

On April 13, 2010, our Board of Directors declared a quarterly cash dividend of $0.12 per common share. This dividend is payable on June 18, 2010 to stockholders of record at the close of business on June 4, 2010. The estimated amount of this dividend payment is $19 million based on 160 million shares of our common stock issued and outstanding as of April 30, 2010.

On February 18, 2010, our Board of Directors declared a quarterly cash dividend of $0.12 per common share, which was paid on March 19, 2010 to stockholders of record at the close of business on March 5, 2010. We used $19 million from available cash to pay this quarterly cash dividend.

Table of Contents

Highlights of Financial Performance

Highlights of our financial performance in the first quarter of 2010 compared with the same period of 2009 were:

	First Quarter of 2010	First Quarter of 2009	% Change
Net sales	$ 1,061.2	$ 988.5	7
Gross profit	$ 300.0	$ 285.7	5
As a % of total net sales	*28.3%*	*28.9%*	
Marketing, administrative and development expenses	175.5	166.2	6
As a % of total net sales	*16.5%*	*16.8%*	
Restructuring and other charges (credits)	0.6	(0.4)	#
Operating profit	$ 123.9	$ 119.9	3
As a % of total net sales	*11.7%*	*12.1%*	
Net earnings available to common stockholders	$ 61.2	$ 58.1	5%
Net earnings per common share:			
Basic	$ 0.38	$ 0.37	3%
Diluted	$ 0.35	$ 0.32	9%
Weighted average number of common shares outstanding:			
Basic	157.8	156.7	
Diluted(1)	176.1	187.9	

\# Denotes a variance greater than 100%

(1) The decrease in weighted average number of diluted common shares in 2010 compared with 2009 was primarily due to the redemption of our 3% Convertible Senior Notes due 2033 in 2009.

Our net earnings per diluted common share increased 9% in the first quarter of 2010 compared with the same period in 2009. The primary contributing factor to our net earnings per diluted common share growth was higher gross profit, which reflected an increase in net sales from favorable foreign currency translation and unit volume growth, partially offset by lower product price/mix. In addition, we experienced higher average petrochemical-based raw material costs of approximately $30 million in the first quarter of 2010 compared with 2009, partially offset by an estimated $15 million of benefits from supply chain productivity improvements by sourcing volume from lower cost facilities in our developing regions and benefits from our GMS program. Marketing, administrative and development expenses were relatively flat as a percentage of net sales in the first quarter of 2010 compared with the same period of 2009. Other income was $4 million in the first quarter of 2010 compared with other expense of $3 million in the same period in 2009, principally due to the favorable impact of the strengthening of some foreign currencies used when we re-measure our foreign currency denominated receivables and payables and intercompany loans.

See the discussion below for further details about the material factors that contributed to the changes in net sales by our segment reporting structure and by geographic region, cost of sales, marketing, administrative and development expenses and operating profit by our segment reporting structure.

Net Sales by Segment Reporting Structure

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

	First Quarter of 2010	First Quarter of 2009	% Change
Net sales:			
Food Packaging	**$ 447.2**	**$ 424.0**	**5%**
As a % of total net sales	*42.1%*	*42.9%*	
Food Solutions	**219.1**	**205.2**	**7**
As a % of total net sales	*20.7%*	*20.8%*	
Protective Packaging	**306.5**	**280.1**	**9**
As a % of total net sales	*28.9%*	*28.3%*	
Other	**88.4**	**79.2**	**12**
As a % of total net sales	*8.3%*	*8.0%*	
Total	**$ 1,061.2**	**$ 988.5**	**7%**

Net Sales by Geographic Region

The following table presents net sales by geographic region.

	First Quarter of 2010	First Quarter of 2009	% Change
Net sales:			
U.S.	**$ 483.7**	**$ 471.1**	**3%**
As a % of total net sales	*45.6%*	*47.7%*	
International	**577.5**	**517.4**	**12**
As a % of total net sales	*54.4%*	*52.3%*	
Total net sales	**$ 1,061.2**	**$ 988.5**	**7%**

By geographic region, the components of the increase in net sales for the first quarter of 2010 compared with the same period of 2009 were as follows:

First Quarter of 2010	U.S.		International		Total Company	
Volume—Units	$ 26.0	5.5%	$ 16.0	3.1%	$ 42.0	4.2%
Volume—Acquired businesses, net of dispositions	—	—	(1.1)	(0.2)	(1.1)	(0.1)
Product price/mix	(13.4)	(2.8)	(13.4)	(2.6)	(26.8)	(2.7)
Foreign currency translation	—	—	58.6	11.3	58.6	5.9
Total	**$ 12.6**	**2.7%**	**$ 60.1**	**11.6%**	**$ 72.7**	**7.3%**

See below for details of the major factors, trends and regions that contributed to the changes in net sales by our segment reporting structure in the periods mentioned above.

Foreign Currency Translation Impact on Net Sales

Most foreign currencies strengthened against the U.S. dollar in the first quarter of 2010 compared with the same period of 2009. This resulted in a favorable foreign currency translation impact on our net sales of $59 million in the first quarter of 2010 compared with the same period of 2009.

Approximately 19% of our first quarter 2010 net sales were from euro zone countries. According to external sources, as a result of on-going concerns about the ability of some countries in the euro zone to effectively manage sovereign debt obligations and rising budget deficits, the euro has weakened against the U.S. dollar during the first quarter of 2010. Nonetheless, on average the euro-dollar exchange ratio was higher in the first quarter of 2010 compared with the same period of 2009.

The following tables present the components of change in net sales for the first quarter of 2010 compared with the same period of 2009. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as "constant dollar." We believe using constant dollar comparisons aids in the comparability with other periods.

First Quarter of 2010	Food Packaging		Food Solutions		Protective Packaging		Other		Total Company	
Volume—Units	$ 9.1	2.1%	$ 3.2	1.5%	$ 21.7	7.8%	$ 8.0	10.0%	$ 42.0	4.2%
Volume—Acquired businesses, net of (dispositions)	—	—	—	—	—	—	(1.1)	(1.3)	(1.1)	(0.1)
Product price/mix	(15.8)	(3.7)	(3.4)	(1.7)	(6.9)	(2.5)	(0.7)	(0.9)	(26.8)	(2.7)
Foreign currency translation	29.9	7.0	14.1	6.9	11.6	4.2	3.0	3.8	58.6	5.9
Total change (U.S. GAAP)	**$ 23.2**	**5.4%**	**$ 13.9**	**6.7%**	**$ 26.4**	**9.5%**	**$ 9.2**	**11.6%**	**$ 72.7**	**7.3%**
Impact of foreign currency translation	(29.9)	(7.0)	(14.1)	(6.9)	(11.6)	(4.2)	(3.0)	(3.8)	(58.6)	(5.9)
Total constant dollar change (Non-U.S. GAAP)	**$ (6.7)**	**(1.6)%**	**$ (0.2)**	**(0.2)%**	**$ 14.8**	**5.3%**	**$ 6.2**	**7.8%**	**$ 14.1**	**1.4%**

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

Food Packaging Segment Net Sales

The constant dollar decrease in net sales in the first quarter of 2010 compared with the same period in 2009 was primarily due to:

- a decrease in product price/mix in the U.S. of $10 million, or 5%; and
- a decrease in unit volume in Europe of $4 million, or 5%;

partially offset by:

- increases in unit volume in the U.S. of $7 million, or 4%, and in Latin America of $6 million, or 10%.

The decrease in product price/mix in the U.S. reflected the timing of some contract price adjustments and the unfavorable impact of first quarter 2010 average selling prices reflecting late-2009 resin costs, which compares to higher first quarter 2009 average selling prices that reflected late-2008 peak resin costs. As resin costs rose again in the first quarter of 2010, we responded by announcing various price increases globally.

The decrease in unit volume in Europe was primarily in Western European countries, which reflected continuing economic weakness and very low consumer confidence levels resulting in lower demand for fresh red meat and specialty cheeses.

The increase in unit volume in the U.S. was primarily attributable to higher equipment sales as customers invested in replacement and new equipment. This increase was also favorably impacted by higher beef slaughter rates, which in turn resulted in higher sales to new and existing customers of our fresh meat packaging products.

Food Solutions Segment Net Sales

This segment's net sales were relatively flat on a constant dollar basis in the first quarter of 2010 compared with the same period in 2009. The 2% increase in unit volume in the first quarter of 2010 compared with the same period in 2009 was primarily due to a $6 million, or 6% increase in the U.S., which reflected higher domestic poultry product sales. This increase was offset by lower unit volume in Europe of $3 million, or 4% and a decrease in product price/mix of $2 million, or 2%, in that region. The decline in unit volume was due to the continuing economic weakness in this region, which resulted in the reduced consumption of certain meats, which reduced sales of our case-ready packaging products. The decline in product price/mix was primarily due to the timing of price adjustments for changes in resin costs, mentioned above.

Protective Packaging Segment Net Sales

The constant dollar increase in net sales in the first quarter of 2010 compared with the same period in 2009 was primarily due to:

- increases in unit volume in the U.S. of $13 million, or 8%, and in Asia of $7 million, or 35%;

partially offset by;

- a decrease in product price mix in the U.S. of $3 million, or 2%.

The increase in unit volume in the U.S and in Asia was predominately due to improving economic conditions in these regions, reflecting a modest recovery of export markets and in manufacturing sectors. Also contributing to the increase in unit volume was sales from new shrink packaging products in these regions.

Other Net Sales

The constant dollar increase in net sales in the first quarter of 2010 compared with the same period in 2009 was primarily due to higher unit volume in our medical applications business in Europe of $3 million, or 12%, and Asia of $3 million, or 34%. The increase in European sales was primarily due to higher demand for our medical applications products from new and existing customers. The increase in Asia was primarily due to pre-buying in China in our medical applications business ahead of a licensing approval in that country.

Our license to import medical films into China expired in April 2010. We have applied for a license to import, distribute and sell a reformulated medical film and are awaiting approval. While we expect that the license will be approved, any substantial delay or unforeseen difficulties in obtaining the approval could result in a significant effect on the future results of our medical applications business unit and our Other category.

Cost of Sales

Our primary input costs include resins, direct and indirect labor, other raw materials and other energy-related costs (including transportation costs.) We utilize petrochemical-based resins in the manufacture of many of our products. The costs for these raw materials are impacted by the rise and fall in crude oil and natural gas prices, since they serve as feedstocks utilized in the production of most resins. The prices for these feedstocks have been particularly volatile in recent years as a result of changes in global demand for these resins. Although changes in the prices of crude oil and natural gas are not perfect benchmarks, they are indicative of the variations in raw materials and other input costs we face. We continue to monitor changes in raw material and energy-related costs as they occur and take pricing actions as appropriate to lessen the impact of cost increases when they occur.

The following table shows our cost of sales for the first quarter of 2010 compared with the same period of 2009:

	First Quarter of		%
	2010	2009	Change
Cost of sales	$ 761.2	$ 702.8	8%
As a % of net sales	*71.7%*	*71.1%*	

The $58 million increase in cost of sales in the first quarter of 2010 compared with the same period in 2009 was primarily due to:

- an unfavorable impact of foreign currency translation of $45 million;
- higher average petrochemical-based raw material expenditures of approximately $30 million, including higher resin consumption due to the increase in sales volume.

These factors were partially offset by supply chain productivity improvements by sourcing volume from lower cost facilities in our developing regions. These benefits were estimated to be approximately $15 million, which includes $2 million of incremental benefits from our GMS program.

Marketing, Administrative and Development Expenses

The following table shows our marketing, administrative and development expenses for the first quarter of 2010 compared with the same period of 2009:

	First Quarter of		%
	2010	2009	Change
Marketing, administrative and development expenses	$ 175.5	$ 166.2	6%
As a % of net sales	*16.5%*	*16.8%*	

The $9 million increase in marketing, administrative and development expenses was primarily due to:

- an unfavorable impact of foreign currency translation of $7 million;
- higher travel and entertainment expenses of $2 million; and
- higher costs for share-based compensation of $1 million.

These items were partially offset by a decrease in provision for bad debt expense of $2 million primarily related to recent improvements in customer credit conditions affecting some of our Food Packaging customers in Latin America.

Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program

Global Manufacturing Strategy

Our global manufacturing strategy expanded our production capabilities in regions where demand for our products and services has been growing significantly. Additionally, we have been optimizing certain manufacturing platforms in North America and Europe into centers of excellence. The goals of this multi-year program have been to expand capacity in growing markets, further improve our operating efficiencies, and implement new technologies more effectively. By taking advantage of new technologies and streamlining production on a global scale, we have continued to enhance our profitable growth and our global leadership position and have produced meaningful benefits.

We announced this multi-year global manufacturing strategy in 2006. In 2009, we substantially finished the construction phase of GMS with the launch of our manufacturing facility in Duchnice, Poland. This facility along with our other new facilities in Qingpu, China and Monterrey, Mexico substantially completed the construction phase related to this program. We anticipate an additional $2 million of associated costs in mid-2010, marking the completion of GMS.

We continue to expect to realize an incremental $10 million of benefits in 2010, bringing this program's full annual estimated benefit run rate to $55 million.

The capital expenditures, associated costs and related restructuring charges and the total amounts incurred since inception of this multi-year strategy are included in the table below.

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Cumulative Through March 31, 2010
Capital expenditures	$ 2.0	$ 6.2	$ 154.7
Associated costs(1)	1.8	3.1	34.1
Restructuring and other charges (credits)(2)	0.9	(0.2)	39.2

(1) The associated costs principally include facility start-up costs, which are primarily included in cost of sales on the condensed consolidated statements of operations. These charges by our reporting structure were as follows:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Food Packaging	$ 1.4	$ 2.5
Food Solutions	0.4	0.1
Protective Packaging	—	0.5
Total	$ 1.8	$ 3.1

(2) The restructuring and other charges (credits) were primarily for costs of termination benefits, the majority of which were related to the Food Packaging segment. The restructuring and other charges (credits) for the three months ended March 31, 2010 were primarily related to our previously announced plan to cease certain operations at one of our German locations. These charges were included in restructuring and other charges (credits) on the condensed consolidated statements of operations. See Note 3, "Segments," for restructuring and other charges (credits) by reportable segment and Other. A reconciliation of the restructuring accrual for GMS is included below.

The components of the restructuring accrual for GMS through March 31, 2010 and the accrual balance remaining on our condensed consolidated balance sheet at March 31, 2010 were as follows:

Restructuring accrual at December 31, 2009	$ 9.4
Provision for termination benefits	0.9
Adjustment to accrual for termination benefits	(0.1)
Cash payments during 2010	(3.1)
Effect of changes in foreign currency rates	(0.3)
Restructuring accrual at March 31, 2010	$ 6.8

We expect to pay $6.6 million of the accrual balance remaining at March 31, 2010 within the next 12 months. This amount is included in other current liabilities on our condensed consolidated balance sheet at March 31, 2010. The remaining accrual of $0.2 million is expected to be paid in 2011 and is included in other liabilities on our condensed consolidated balance sheet at March 31, 2010.

2008 Cost Reduction and Productivity Program

In 2008, we implemented a cost reduction and productivity program. As a result, we recorded $65.8 million of pre-tax charges primarily for costs for termination benefits in 2008. The components of the restructuring accrual through March 31, 2010 and the accrual balance remaining on our condensed consolidated balance sheet at March 31, 2010 related to this program are included in the table below.

Restructuring accrual at December 31, 2009	$ 6.6
Adjustment to accrual for termination benefits	(0.2)
Cash payments made during 2010	(3.2)
Effect of changes in foreign currency rates	(0.1)
Restructuring accrual at March 31, 2010	$ 3.1

We expect to pay $3.0 million of the accrual balance remaining at March 31, 2010 within the next 12 months. This amount is included in other current liabilities on the condensed consolidated balance sheet at March 31, 2010. The remaining accrual of $0.1 million is expected to be paid in 2011 and is included in other liabilities on the condensed consolidated balance sheet at March 31, 2010.

Operating Profit

Management evaluates the performance of each reportable segment based on its operating profit. Operating profit by our segment reporting structure for the 2010 and 2009 periods was as follows:

	First Quarter of 2010	First Quarter of 2009	% Change
Food Packaging	$ 56.5	$ 58.6	(4)%
As a % of Food Packaging net sales	*12.6%*	*13.8%*	
Food Solutions	20.9	22.5	(7)
As a % of Food Solutions net sales	*9.5%*	*11.0%*	
Protective Packaging	39.5	34.2	15
As a % of Protective Packaging net sales	*12.9%*	*12.2%*	
Other	7.6	4.2	81
As a % of Other net sales	*8.6%*	*5.3%*	
Total segments and other	124.5	119.5	4
As a % of total net sales	*11.7%*	*12.1%*	
Restructuring and other charges (credits)(1)	0.6	(0.4)	#
Total operating profit	$ 123.9	$ 119.9	3
As a % of total net sales	*11.7%*	*12.1%*	

\# Denotes a variance greater than 100%

(1) The 2010 amount represents charges associated with the implementation of our global manufacturing strategy, primarily in our Food Packaging segment. See "Global Manufacturing Strategy and 2008 Cost Reduction and Productivity Program," above for further discussion of restructuring and other charges (credits).

Food Packaging Segment Operating Profit

The decrease in operating profit in the first quarter of 2010 compared with the same period in 2009 was primarily due to lower product price/mix mentioned above and higher petrochemical-based raw material expenditures of approximately $10 million. These items were partially offset by the increase in unit volume mentioned above and the favorable impact of our tight control of marketing, administrative and development expenses, which remained relatively flat as a percentage of net sales in the first quarter of 2010 compared with the same period in 2009.

Food Solutions Segment Operating Profit

The decrease in operating profit in the first quarter of 2010 compared with the same period in 2009 was primarily due to higher petrochemical-based raw material expenditures of approximately $8 million and lower product price/mix mentioned above. These items were partially offset by the increase in unit volumes mentioned above and the favorable impact of our tight control of marketing, administrative and development expenses, which remained relatively flat as a percentage of net sales in the first quarter of 2010 compared with the same period in 2009.

Protective Packaging Segment Operating Profit

The increase in operating profit in the first quarter of 2010 compared with the same period in 2009 was primarily due to the increase in unit volume mentioned above. Operating profit was also favorably impacted by our tight control of marketing, administrative and development expenses, which declined as a percentage of net sales in the first quarter of 2010 compared with the same period in 2009. These items were partially offset by higher petrochemical-based raw material expenditures of approximately $8 million.

Other Operating Profit

The increase in operating profit in the first quarter of 2010 compared with the same period in 2009 was primarily due to the increase in unit volume mentioned above. Operating profit was also favorably impacted by our tight control of marketing, administrative and development expenses, which remained flat as a percentage of net sales in the first quarter of 2010 compared with the same period in 2009. These items were partially offset by higher petrochemical-based raw material expenditures of approximately $4 million.

Interest Expense

Interest expense includes the stated interest rate on our outstanding debt, as well as the net impact of capitalized interest, the effects of interest rate swaps and the amortization of capitalized senior debt issuance costs, bond discounts, and terminated treasury locks. We expect to incur approximately $160 million of interest expense in 2010, which includes approximately $41 million of interest expense for a full year of accrued interest on the cash portion of the Settlement agreement.

Interest expense for the first quarter of 2010 and 2009 was as follows:

	First Quarter of		2010 vs. 2009
	2010	2009	Change
Interest expense on the amount payable for the Settlement agreement	$ 10.2	$ 9.8	$ 0.4
Interest expense on our senior notes:			
12% Senior Notes due February 2014	8.1	5.4	2.7
7.875% Senior Notes due June 2017	8.3	—	8.3
6.875% Senior Notes due July 2033	7.7	7.7	—
5.625% Senior Notes due July 2013	5.5	5.5	—
3% Convertible Senior Notes redeemed July 2009	—	3.6	(3.6)
6.95% Senior Notes matured May 2009	—	2.4	(2.4)
Other interest expense	2.2	2.7	(0.5)
Less: capitalized interest	(1.3)	(2.2)	0.9
Total	$ 40.7	$ 34.9	$ 5.8

Impairment of Available-for-Sale Securities

At March 31, 2010, our valuation of some of our auction rate security investments resulted in the recognition of other-than-temporary impairment of $0.7 million ($0.4 million, net of taxes), which was recorded in the first quarter of 2010. See Note 5, "Available-for-Sale Investments," of Notes to Condensed Consolidated Financial Statements for further discussion.

Other Income (Expense), net

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

	First Quarter of 2010	First Quarter of 2009	2010 vs. 2009 Change
Interest and dividend income	$ 2.0	$ 1.7	$ 0.3
Net foreign exchange transaction gains (losses)	0.7	(2.9)	3.6
Settlement agreement and related costs	(0.3)	(0.5)	0.2
Noncontrolling interests	0.5	0.3	0.2
Costs associated with our accounts receivable securitization program	(0.2)	(0.3)	0.1
Other, net	0.8	(1.7)	2.5
Other income (expense), net	$ 3.5	$ (3.4)	$ 6.9

Net foreign exchange transaction gains (losses) includes the impact of changes in value associated with amounts receivable or payable on transactions denominated in foreign currencies and amounts related to certain foreign currency denominated receivables and payables and interest-bearing intercompany loans. We enter into foreign currency forward contracts to manage the potential changes in value associated with these transactions and intercompany items mentioned above, and the amounts included above are net of any gains or losses resulting from our foreign currency forward contracts. See Note 11, "Derivatives and Hedging," of Notes to Condensed Consolidated Financial Statements, for further discussion of our foreign currency forward contracts.

Income Taxes

Our effective income tax rate was 28.8% for both the first quarter of 2010 and 2009.

For both the first quarter of 2010 and 2009, our effective income tax rate was lower than the statutory U.S. federal income tax rate of 35% primarily due to a lower net effective income tax rate on foreign earnings and the inclusion of tax benefits from the domestic manufacturing deduction, partially offset by state income taxes. The rate for the first quarter of 2009 was also lower than the statutory U.S. rate because of certain U.S. tax credits that expired on December 31, 2009.

Our 2010 effective tax rate may be higher or lower depending on, among other factors, our mix of foreign earnings and the extension of some U.S. tax credits. Our 2010 effective tax rate may be higher if we fund the Settlement agreement in 2010. We anticipate that funding the Settlement agreement in 2010 will result in a loss for U.S. income tax return purposes. This loss will eliminate some tax benefits in 2010, primarily the domestic manufacturing deduction.

Liquidity and Capital Resources

The information in this section sets forth material changes in and updates to material information contained in the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and should be read in conjunction with that discussion. Accordingly, the discussion that follows contains:

- an updated description of our material commitments and contingencies;
- an updated description of our principal sources of liquidity;
- an updated description of our outstanding indebtedness;

- an analysis of our historical cash flows and changes in working capital in the first quarter of 2010;
- an updated description of our derivative financial instruments; and
- a description of changes in our stockholders' equity in the first quarter of 2010.

Material Commitments and Contingencies

Settlement Agreement and Related Costs

We recorded a charge of $850.1 million in the fourth quarter of 2002, of which $512.5 million represents a cash payment that we are required to make (subject to the satisfaction of the terms and conditions of the Settlement agreement) upon the effectiveness of a plan of reorganization in the bankruptcy of W.R. Grace & Co. We did not use cash in any period with respect to this liability. The Bankruptcy Court has conducted hearings to consider confirmation of the PI Settlement Plan and has heard closing arguments with respect to the PI Settlement Plan but additional hearings may be held by the Bankruptcy Court and the District Court to consider matters related to the PI Settlement Plan. Grace, the ACC, the FCR, and the Equity Committee have filed, as co-proponents, a proposed confirmation order with respect to the PI Settlement Plan. However, the Bankruptcy Court has not indicated whether it will confirm the PI Settlement Plan and, as indicated above, objections to the PI Settlement Plan remain pending (including objections relating to injunctions, releases and provisions as applied to us and/or that are contemplated by the Settlement agreement). We do not know whether or when a final plan of reorganization will be confirmed or become effective or whether the final plan will be consistent with the terms of the Settlement agreement. We currently expect to fund this payment by using a combination of accumulated cash and cash equivalents, future cash flows from operations and funds available under our global credit facility, our European credit facility, or our accounts receivable securitization program, described below. The cash payment of $512.5 million accrues interest at a 5.5% annual rate, which is compounded annually, from December 21, 2002 to the date of payment. We have recorded this accrued interest in Settlement agreement and related accrued interest on our condensed consolidated balance sheets, and these amounts were $244.5 at March 31, 2010 and $234.3 at December 31, 2009.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 14, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements under the caption "Settlement Agreement and Related Costs" is incorporated herein by reference.

Cryovac Transaction Commitments and Contingencies

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 14, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements under the caption "Cryovac Transaction Commitments and Contingencies" is incorporated herein by reference.

Principal Sources of Liquidity

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

We believe that our current liquidity position and future cash flows from operations will enable us to fund our operations, including all of the items mentioned above and the cash payment under the Settlement agreement should it become payable within the next 12 months.

With respect to the Settlement agreement, we do not know whether or when a final plan of reorganization for Grace will become effective or whether the final plan will be consistent with the terms of the Settlement agreement. Grace's PI Settlement Plan is subject to pending objections by various parties and to the satisfaction of a number of conditions, including the availability of exit financing and the approval of both the Bankruptcy Court and United States District Court for the District of Delaware, resulting in uncertainty as to when the plan might become effective.

Tax benefits resulting from the payment made under the Settlement agreement, which are currently recorded as deferred tax assets on our condensed consolidated balance sheets, are anticipated to provide approximately $350 million of current and future cash tax benefits at the time the payment under the Settlement agreement is made. The amount and timing of future cash tax benefits could vary, depending on the amount of cash paid by us and various facts and circumstances at the time of payment under the Settlement agreement, including the price of our common stock, our tax position and the applicable tax codes.

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

	March 31, 2010	December 31, 2009
Cash and cash equivalents	$ 627.5	$ 694.5

See "Analysis of Historical Cash Flows" below.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including the global credit facility and the European credit facility discussed below, at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Used lines of credit	$ 25.7	$ 107.1
Unused lines of credit	913.9	846.3
Total available lines of credit	$ 939.6	$ 953.4
Available lines of credit—committed	$ 674.2	$ 686.1
Available lines of credit—uncommitted	265.4	267.3
Total available lines of credit	$ 939.6	$ 953.4

Our principal credit lines were committed and consisted of the global credit facility and the European credit facility. We are not subject to any material compensating balance requirements in connection with our lines of credit.

Global Credit Facility

The global credit facility is available for general corporate purposes, including the payment of amounts required to be paid upon the effectiveness of the Settlement agreement discussed in Note 14, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements. We may re-borrow amounts repaid under the global credit facility from time to time before the expiration or earlier termination of the global credit facility. Our obligations under the global credit facility bear interest at floating rates, which are generally determined by adding the applicable borrowing margin to the base rate or the interbank rate for the relevant currency and time period. The global credit facility provides for changes in borrowing margins based on our long-term senior unsecured debt ratings. The facility has an expiration date of July 26, 2012. As of March 31, 2010, the total amount available under the global credit facility was approximately $472 million.

At March 31, 2010, there were no amounts outstanding under this facility and we did not utilize this facility in the first quarter of 2010.

European Credit Facility

We have a €150 million European credit facility, equivalent to U.S. $202 million at March 31, 2010. The facility has an expiration date of July 26, 2012. A syndicate of banks made this facility available to Sealed Air and a group of our European subsidiaries for general corporate purposes, including the payment of amounts required to be paid upon effectiveness of the Settlement agreement. The terms of this facility are substantially similar to the terms of our global credit facility. We may re-borrow amounts repaid under the European credit facility from time to time before the expiration or earlier termination of the facility. As of March 31, 2010, there were no amounts outstanding under this facility.

Other Lines of Credit

Substantially all our short-term borrowings of $14 million at March 31, 2010 and $28.2 million at December 31, 2009 were outstanding under lines of credit available to several of our foreign subsidiaries. The following table details our other lines of credit at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Available lines of credit	$ 265.4	$ 267.3
Unused lines of credit	239.7	224.4
Weighted average interest rate	7.8%	5.5%

See Note 10, "Debt and Credit Facilities," of Notes to Condensed Consolidated Financial Statements for further information on our outstanding long-term debt and lines of credit.

Accounts Receivable Securitization Program

We and a group of our U.S. subsidiaries maintain an accounts receivable securitization program with a bank and an issuer of commercial paper administered by the bank. As of March 31, 2010, the maximum purchase limit for receivable interests was $125 million.

The amounts available from time to time under the program may be less than $125 million due to a number of factors, including but not limited to our credit ratings, accounts receivable balances, the creditworthiness of our customers and our receivables collection experience.

During the first quarter of 2010, the level of eligible assets available under the program was lower than $125 million primarily due to our current credit rating. As a result, the amount available to us under the program was approximately $79 million at March 31, 2010. At March 31, 2010 and December 31, 2009, we had no amounts outstanding under this program.

See Note 6, "Accounts Receivable Securitization Program," of Notes to Condensed Consolidated Financial Statements for additional information concerning this program.

Covenants

At March 31, 2010, we were in compliance with our financial covenants and limitations, as discussed in "Covenants," of Note 10, "Debt and Credit Facilities," of Notes to Condensed Consolidated Financial Statements.

Debt Ratings

Our cost of capital and ability to obtain external financing may be affected by our debt ratings, which the credit rating agencies review periodically. The Company and our long-term senior unsecured debt are currently rated BB+ (stable outlook) by Standard & Poor's. This rating is considered non-investment grade. The Company and our long-term senior unsecured debt are currently rated Baa3 by Moody's. On May 4, 2010, Moody's revised our ratings outlook to stable from negative. This rating is considered investment grade. If our credit ratings are downgraded, there could be a negative impact on our ability to access capital markets and borrowing costs could increase. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

Outstanding Indebtedness

See Note 10, "Debt and Credit Facilities," of Notes to Condensed Consolidated Financial Statements for information on our outstanding debt.

Analysis of Historical Cash Flows

The following table summarizes the changes in our cash flows in the first quarters of 2010 and 2009:

	First Quarter of			
	2010	2009	Increase (Decrease)	% Increase (Decrease)
Net cash provided by operating activities	$ 83.3	$ 56.2	$ 27.1	48%
Net cash used in investing activities	(11.8)	(23.9)	(12.1)	(51)
Net cash (used in) provided by financing activities	(104.2)	279.8	(384.0)	#

\# Denotes a change equal to or greater than 100%

Net Cash Provided by Operating Activities

The increase in net cash provided by operating activities was primarily due to the following items:

- an increase of net cash of $80 million resulting from the repurchases in 2009 of receivable interests under our accounts receivable securitization program. We used available cash of $80 million to fund the repurchase of receivables interests in 2009, compared with none in 2010; and
- a decrease in net cash used for accounts payable of $66 million, primarily due to the timing of payments.

These factors were partially offset by:

- an increase in net cash used for other liabilities of $34 million, which was due to the cash funding of our accrued 2009 annual incentive compensation of $31 million and the cash contribution portion of our 2009 annual contribution to our profit-sharing plan of $21 million.

These items were partially offset by an increase in income taxes payable of $14 million, primarily due to the timing of estimated income tax payments; and

- a decrease in net cash provided by receivables, net, of $71 million. In the first quarter of 2010, receivables, net, declined $26 million primarily due to declines in receivable balances in North America and in Europe reflecting our normal first quarter sales seasonality. In the first quarter of 2009, receivables, net, decreased $97 million due to lower accounts receivable balances primarily due to the impact of lower net sales in 2009 and a decrease in days-sales-outstanding experienced in 2009.

Net Cash Used in Investing Activities

The decrease in net cash used in investing activities was primarily due to lower capital expenditures in the first quarter of 2010 compared with the same period of 2009. Capital expenditures decreased $9 million in the first quarter of 2010 compared with the same period of 2009. During 2009, we completed the construction phase of GMS with the launch of our manufacturing plant in Poland.

We expect to continue to invest capital as we deem appropriate to expand our business, to maintain or replace depreciating property, plant and equipment, to acquire new manufacturing technology and to improve productivity. Taking into account a reduction of capital expenditures for GMS in 2009 and our investment in a new facility in Brazil in April 2010, we expect total capital expenditures in 2010 to be in the range of $80 million to $100 million. This projected range is comparable to the level of capital expenditures incurred prior to implementing GMS in 2006. This projection is based upon our capital expenditure budget for 2009, the status of approved but not yet completed capital projects, anticipated future projects and historic spending trends.

Net Cash (Used in) Provided By Financing Activities

Net cash used in financing activities was $104 million in the first quarter of 2010 primarily due to the repayment of amounts outstanding under our European credit facility of $64 million in January 2010. Net cash provided by financing activities was $280 million in the first quarter of 2009 primarily due to the receipt of proceeds from the issuance of $300 million of 12% Senior Notes in February 2009.

Changes in Working Capital

	March 31, 2010	December 31, 2009	Increase
Working capital (current assets less current liabilities)	$ 649.1	$ 639.6	$ 9.5
Current ratio (current assets divided by current liabilities)	1.5x	1.4x	
Quick ratio (current assets, less inventories divided by current liabilities)	1.1x	1.1x	

The increase in working capital in the first quarter of 2010 was primarily due to the following factors:

- net cash flows from operations of $83 million; and
- a net favorable impact from foreign currency translation on working capital of $7 million;

partially offset by:

- the repayment of amounts outstanding under our European credit facility of $64 million; and
- net cash flows used in investing activities of $12 million, primarily for capital expenditures.

Derivative Financial Instruments

Interest Rate Swaps

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

Foreign Currency Forward Contracts

At March 31, 2010, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

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

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

Stockholders' Equity

The $31 million, or 1%, increase in stockholders' equity in the first quarter of 2010 was primarily due to the following:

- net earnings of $61 million; and
- a decrease in common stock in treasury of $13 million due to the use of treasury shares as part of our 2009 profit sharing-plan contribution;

partially offset by:

- negative foreign currency translation of $27 million; and
- dividends paid and accrued on our common stock of $19 million.

Critical Accounting Policies and Estimates

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 Annual Report on Form 10-K for the year ended December 31, 2009, which information is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in the conditions in the U.S. financial markets, interest rates, foreign currency exchange rates and commodity prices and the creditworthiness of our customers, which may adversely affect our consolidated financial position 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.

Available-for-Sale Investments

Our available-for-sale investments, consisting of auction rate securities at March 31, 2010 and December 31, 2009, are exposed to market risk related to changes in conditions in the U.S. financial markets and in the financial condition of the issuers of these securities. Our investment in auction rate securities at March 31, 2010 and December 31, 2009 had an original cost of $44.7 million (debt instruments of $24.7 million and non-cumulative perpetual preferred stock of $20.0 million).

These auction rate securities consisted of two contingent capital securities that were converted into perpetual preferred stock of AMBAC in December 2008 and three debt instruments issued individually by Primus (maturity date 2021), River Lake (maturity date 2033) and Ballantyne (maturity date 2036). We received interest and dividend payments of $0.2 million in the first quarter of 2010 and $0.4 million in the first quarter of 2009. In August 2009, AMBAC discontinued paying dividends on its perpetual preferred stock.

These five securities historically were re-auctioned every twenty-eight days, which had provided a liquid market for them. However, as a result of continuing liquidity concerns in the U.S. for these types of asset-backed securities, every auction held by the issuers for these auction rate securities since late 2007 has failed.

Based on the evaluations discussed in Note 5, "Available-for-Sale Investments," in the first quarter of 2010, we determined that the securities incurred other than temporary decline in fair market value of $0.7 million.

In the first quarter of 2010, we recorded $0.9 million of unrealized gains ($0.6 million, net of taxes) in other comprehensive income related to an increase in the estimated fair value of the River Lake securities, which was primarily due to an improvement in River Lake's credit spread following their previous decline in value.

See Note 12, "Fair Value Measurements and Other Financial Instruments," for details on the inputs and valuation methodology used to calculate the estimated fair value of these investments.

We continue to monitor developments in the market for auction rate securities including the specific securities in which we have invested. If credit or liquidity conditions relating to these securities or the issuers worsen, we may recognize additional other than temporary impairments, which would result in the recognition of additional losses on our condensed consolidated statement of operations.

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, 2010, we had outstanding interest rate swaps, but no outstanding collars or options.

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

See Note 12, "Fair Value Measurements and Other Financial Instruments," of Notes to Condensed Consolidated Financial Statements for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical 10% decrease in interest rates would result in an increase of $64 million in the fair value of the total debt balance at March 31, 2010. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount of such debt.

Foreign Exchange Rates

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 position or results of operations in the future.

The translation of the financial statements of our non-U.S. operations is impacted by fluctuations in foreign currency exchange rates. The change in net sales and operating income was impacted by the translation of our international financial statements into U.S. dollars. This resulted in an increase in net sales of $59 million and increased operating profit by $7 million in the first quarter of 2010 compared with the same period of 2009.

Recent economic events in Venezuela have exposed us to heightened levels of foreign currency exchange risk. Effective January 1, 2010, Venezuela has been designated as a highly inflationary economy, and the U.S. dollar replaced the Bolivar fuerte as the functional currency for our subsidiary in Venezuela. In accordance with U.S. GAAP, a highly inflationary economy is one that has a cumulative inflation rate of approximately 100 percent or more over a three-year period. We determined the cumulative inflation rate using a blended inflation rate which included the National Consumer Price Index, known as the NCPI, and the consumer price index, known as the CPI. The CPI is based on the metropolitan areas of Caracas and Maracaibo in Venezuela, and the NCPI is based on the entire country of Venezuela.

Once a country is designated to be a highly inflationary economy, the remeasurement method must be used, which is also called the monetary/nonmonetary method. All Bolivar-denominated monetary assets and liabilities are re-measured into U.S. dollars using the current exchange rate, and any changes in foreign currency are reflected in other income (expense), net, on the condensed consolidated statement of operations. All Bolivar-denominated nonmonetary assets and liabilities are re-measured into U.S. dollars using the historical exchange rates. In the first quarter of 2010, we recognized $1 million of net foreign currency exchange gains in other income (expense), net on the condensed consolidated statements of operations primarily related to the designation of Venezuela as a highly inflationary economy under U.S GAAP.

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

At March 31, 2010, our subsidiary in Venezuela had net assets of approximately $8 million. In the first quarter of 2010, less than 1% of our consolidated net sales and less than 3% of our consolidated operating profit was derived from our business in Venezuela. Accordingly, we do not expect the devaluation of the Bolivar fuerte to have a material adverse effect on our consolidated financial position or results of operations.

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, 2010 would have caused us to pay approximately $31 million to terminate these contracts.

Our foreign currency forward contracts are described in Note 11, "Derivatives and Hedging Activities," of Notes to Condensed Consolidated Financial Statements, which is contained in Part I, Item 1 and in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Derivative Financial Instruments—Foreign Currency Forward Contracts," contained in Part I, Item 2 of this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure due to foreign exchange rates and interest rate and currency swaps related to access to additional sources of international financing. These instruments can potentially limit foreign exchange exposure and limit or adjust interest rate exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At March 31, 2010, we had no foreign exchange options and currency swap agreements outstanding.

Our outstanding debt is generally denominated in the functional currency of the borrowing subsidiary. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $28 million at March 31, 2010 and $109 million at December 31, 2009.

Customer Credit

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

Our customers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Our provision for bad debt expense was $2 million in the first quarter of 2010 and $3 million in the first quarter of 2009.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

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

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 14, "Commitments and Contingencies," of Notes to Condensed Consolidated Financial Statements under the caption "Cryovac Transaction Commitments and Contingencies" is incorporated herein by reference. See also Part I, Item 3, "Legal Proceedings," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 as well as the information incorporated by reference in that item.

Item 1A. Risk Factors.

See Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Except as required by the federal securities law, we undertake no obligation to update or revise any risk factor, whether as a result of new information, future events or otherwise.

Cautionary Notice Regarding Forward-Looking Statements

The SEC encourages companies to disclose forward-looking statements so that investors can better understand a company's future prospects and make informed investment decisions. Some of our statements in this report, in documents incorporated by reference into this report and in our future oral and written statements, may be forward-looking. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial position and our results of operations. These forward-looking statements are based upon our current expectations concerning future events and discuss, among other things, anticipated future financial performance and future business plans. Forward-looking statements are identified by such words and phrases as "anticipates," "believes," "could be," "estimates," "expects," "intends," "may," "plans to," "will" and similar expressions. Forward-looking statements are necessarily subject to risks and uncertainties, many of which are outside our control that could cause actual results to differ materially from these statements.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the implementation of our Settlement agreement regarding the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against it arising from a 1998 transaction with W. R. Grace & Co.; general economic conditions, particularly as they affect packaging use; credit ratings; raw material pricing and availability; changes in the value of foreign currencies against the U.S. dollar; the effects of animal and food-related health issues; pandemics; legal and environmental matters involving us; and the other risk factors referenced above. Except as required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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

(a) Unregistered Sales of Equity Securities

In March 2010, we transferred 346,362 shares of our common stock, par value $0.10 per share, to our profit-sharing plan as part of our 2009 contribution to the plan. 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

On August 9, 2007, we announced that our Board of Directors had approved a share repurchase program, authorizing us to repurchase in the aggregate up to 20 million shares of our issued and outstanding common stock, par value $0.10 per share. This program replaced our prior share repurchase program, which we have terminated. During the quarter ended March 31, 2010, we did not repurchase any shares of our common stock pursuant to our publicly announced program. Through March 31, 2010, we had repurchased 4,024,400 shares of our common stock under the current program, leaving 15,975,600 shares of common stock authorized for repurchase under the program. The program has no set expiration date.

We do, from time to time, acquire shares of common stock that are (a) withheld from awards under our 2005 contingent stock plan pursuant to the provision of that plan that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan, or (b) forfeited under that plan upon failure to satisfy vesting conditions, for which no consideration is paid.

Item 6. Exhibits.

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about us may be found in our other public filings, which are available without charge through the Securities and Exchange Commission's website at http://www.sec.gov.

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 May 20, 2009, File No. 1-12139, is incorporated herein by reference.)
10.1	Fees to be paid to the Company's Non-Employee Directors—2010. (Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009, File No. 1-12139, is incorporated herein by reference.)
10.2	Written description of Compensatory Arrangement between the Company and David B. Crosier, effective February 18, 2010. (Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009, File No. 1-12139, is incorporated herein by reference.)
10.3	Employment Agreement between Robert A. Pesci and Sealed Air Corporation (US), a subsidiary of the Company, effective February 18, 2010. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report February 18, 2010, File No. 1-12139, is incorporated herein by reference.)
10.4	Sealed Air Corporation Policy on Recoupment of Incentive Compensation from Executives in the Event of Certain Restatements, as amended February 18, 2010. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report February 18, 2010, File No. 1-12139, is incorporated herein by reference.)

Exhibit Number	Description
10.5	Performance-Based Compensation Program of the Company, as amended February 18, 2010. (Exhibit 10.3 to the Company's Current Report on Form 8-K, Date of Report February 18, 2010, File No. 1-12139, is incorporated herein by reference.)
10.6	Form of Sealed Air Corporation Performance Share Units Award Grant 2010-2012. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report April 14, 2010, File No. 1-12139, is incorporated herein by reference.)
10.7	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, as amended April 13, 2010.
10.8	Sealed Air Corporation Deferred Compensation Plan for Directors, as amended January 1, 2007.
31.1	Certification of William V. Hickey pursuant to Rule 13a-14(a), dated May 7, 2010.
31.2	Certification of David H. Kelsey pursuant to Rule 13a-14(a), dated May 7, 2010.
32	Certification of William V. Hickey and David H. Kelsey, pursuant to 18 U.S.C. § 1350, dated May 7, 2010.

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 7, 2010

By: /s/ JEFFREY S. WARREN

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

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.7

SEALED AIR CORPORATION
2002 STOCK PLAN
FOR NON-EMPLOYEE DIRECTORS
as amended April 13, 2010

Section 1. *Purpose*. The Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors (the "Plan") is designed to enhance the ability of Sealed Air Corporation (the "Corporation") to attract, retain and motivate Non-Employee Directors (as defined in Section 3) of exceptional ability and to promote the common interest of directors and stockholders in enhancing the value of the Corporation's common stock, par value $0.10 per share ("Common Stock"). The Plan provides for payment in shares of the Common Stock of all or a portion of the Retainer (as defined below) paid to each Non-Employee Director for serving as a director of the Corporation.

Section 2. *Stock Available*. The stock subject to the Plan shall be such authorized but unissued or treasury shares of Common Stock as shall from time to time be available for issuance pursuant to the Plan. The total amount of Common Stock which may be issued pursuant to the Plan is 200,000 shares, subject to adjustment in accordance with the provisions of Section 9.

Section 3. *Eligibility*. Each Non-Employee Director of the Corporation shall be eligible to participate in the Plan. As used in the Plan, the term "Non-Employee Director" shall include any person who, at the time he or she becomes otherwise entitled to receive a Retainer under the Plan, is not an officer or employee of the Corporation or any of its Subsidiaries (as such term is defined in Section 18). Any Non-Employee Director who becomes an officer or employee of the Corporation or any of its Subsidiaries shall cease to be eligible to participate in the Plan for so long as such person remains as such an officer or employee.

Section 4. *Retainer*. Retainers, which shall be either Annual Retainers or Interim Retainers, shall be earned by Non-Employee Directors as follows:

(a) *Annual Retainers.* Upon the adjournment of each annual meeting of the stockholders of the Corporation, each Non-Employee Director who has been elected a director of the Corporation at such meeting shall be entitled to receive an Annual Retainer in an amount established prior to such annual meeting by the Board of Directors. The amount of the Annual Retainer may be expressed in cash, shares of Common Stock or a combination thereof, as more fully described in Section 5(a) below.

(b) *Interim Retainers.* If any Non-Employee Director is elected a director other than at an annual meeting of the stockholders of the Corporation, then on the date of such Non-Employee Director's election such Non-Employee Director shall be entitled to an Interim Retainer in the amount of one-twelfth of the Annual Retainer for Non-Employee Directors elected at the previous annual meeting of the stockholders for each full 30-day period during the period commencing on and including the date of such person's election as a director and ending on and including the first anniversary of the date of the previous annual meeting of stockholders.

(c) *Plan Periods.* The first Plan Period shall commence upon the election of directors at the 2002 annual meeting of the stockholders of the Corporation and terminate upon the election of directors at the 2003 annual meeting of the stockholders of the Corporation. Subsequent Plan Periods shall relate to successive similar periods between annual meetings of the stockholders of the Corporation.

Section 5. Form and *Payment of Retainers*.

(a) The Board may establish the amount of the Annual Retainer either as an amount of cash, a number of shares of Common Stock or a combination of an amount of cash and a number of shares of

Common Stock. Regardless of how expressed, the Board shall also determine the portion of the Annual Retainer to be payable in cash and the portion to be payable by delivery of shares of Common Stock, subject to the following additional rules:

(i) For any portion of the Annual Retainer expressed as cash and payable by delivery of shares of Common Stock, the number of shares of Common Stock will be determined in accordance with Section 5(c) below;

(ii) For any portion of the Annual Retainer expressed as a number of shares of Common Stock and payable in cash, the amount of cash payable will be determined in accordance with Section 5(d) below;

(iii) The Board may permit Non-Employee Directors to elect between forms of payment in accordance with such rules as the Board may establish from time to time; and

(iv) Notwithstanding any provision herein to the contrary (including any Non-Employee Director election), at least 50% of the Annual Retainer shall be payable as shares of Common Stock.

(b) For any portion of the Annual Retainer payable as cash, payment shall be made in a single payment as promptly as practicable after the end of the calendar quarter in which the Plan Period commences. For any portion of an Interim Retainer payable in cash, payment shall be made in a single payment as promptly as practicable after the end of the calendar quarter in which the Non-Employee Director is elected, *provided*, that if such Non-Employee Director is elected between April 1 and the next annual meeting of stockholders of the Corporation, then such portion of the Interim Retainer shall be paid as promptly as practicable after the Non-Employee Director is elected.

(c) For any portion of the Annual Retainer expressed as an amount of cash and payable as shares of Common Stock (either as required by the Board or as elected by a Non-Employee Director, if permitted), the number of shares of Common Stock shall be calculated by dividing the amount of such portion of the Annual Retainer by the last sales price of the Common Stock on the applicable annual meeting date as reported on the consolidated transaction reporting system for New York Stock Exchange listed issues on that date or, if no sales occurred on that date, the last sales price on the consolidated transaction reporting system on the most recent prior day on which a sale occurred (the "Fair Market Value Per Share"). Similarly, for any portion of an Interim Retainer expressed as an amount of cash and payable in shares of Common Stock, the number of shares of Common Stock to be paid shall be calculated using the Fair Market Value Per Share on the date of election of the Non-Employee Director who will receive the Interim Retainer. If the calculation of the portion of an Annual Retainer or an Interim Retainer to be paid in shares of Common Stock would result in a fractional share of Common Stock being issued, then the number of shares to be so paid shall be rounded up to the nearest whole share. No fractional shares of Common Stock shall be issued under this Plan, whether as part of an Annual Retainer or as part of an Interim Retainer.

(d) For any portion of the Annual Retainer expressed as a number of shares of Common Stock and payable in cash (either as required by the Board or as elected by a Non-Employee Director, if permitted), the amount of cash shall be calculated by multiplying the number of shares of Common Stock by the Fair Market Value Per Share on the applicable annual meeting date. Similarly, for any portion of an Interim Retainer expressed as a number of shares of Common Stock and payable as cash, the amount of cash shall be calculated using the Fair Market Value Per Share on the date of election of the Non-Employee Director who will receive the Interim Retainer.

(e) For any portion of the Annual Retainer or any Interim Retainer payable as shares of Common Stock, such shares of Common Stock shall be issued to each applicable Non-Employee Director as promptly as practicable after the Non-Employee Director becomes entitled to receive them.

(f) Payment of all or part of a Retainer may be deferred under the Sealed Air Corporation Deferred Compensation Plan for Directors or any other applicable plan or arrangement providing for the deferred payment of retainers that may be in effect from time to time. Shares of Common Stock which a Non-Employee Director becomes entitled to receive under this Plan and for which payment is deferred under any such deferral arrangement shall be deemed to be issued under this Plan when issued.

Section 6. *Non-Transferability of Grants*. Except for gifts of shares permitted under this Section, no grant of shares of Common Stock pursuant to the Plan shall be transferable by the recipient of such grant, and no shares of Common Stock issued pursuant to the Plan, or any interest therein, may be sold, transferred, pledged, encumbered or otherwise disposed of (including without limitation by way of gift or donation) by the Non-Employee Director to whom such shares have been issued as long as such Non-Employee Director shall remain a director of the Corporation. Any Non-Employee Director of the Corporation may make a gift of any such shares to members of the immediate family of such Non-Employee Director or to a trust or other form of indirect ownership (a "Permitted Transferee") on the conditions that (i) the Non-Employee Director shall continue to be deemed a beneficial owner of such transferred shares and retain voting and investment control over such shares while the Non-Employee Director remains a director of the Corporation, except upon a Change of Control as provided below, and (ii) the Permitted Transferee shall execute an agreement with the Corporation on terms acceptable to counsel to the Corporation providing that such shares shall be subject to all terms and restrictions of this Plan. For the purpose of this Section 6, "immediate family" shall have the meaning given in Rule 16a-1 under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), and "beneficial owner" shall have the meaning given in Rule 16a-1 under the Securities Exchange Act, other than for purposes of determining beneficial ownership of more than ten percent of any class of equity securities.

Section 7. *Execution of Agreement*. Each grant of Common Stock pursuant to this Plan shall be contingent upon and subject to the execution by the Non-Employee Director of a document agreeing to hold the shares of Common Stock covered by such grant in accordance with the terms and conditions of the Plan (including without limitation Sections 6, 11 and 12) and containing such other terms and conditions as may be required by counsel to the Corporation in order to comply with federal or state securities laws or other legal requirements.

Section 8. *Change of Control*.

(a) A "Change in Control" means, and shall be deemed to have occurred upon, any of the following events:

(i) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act) of 30% or more of the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that, for purposes of this Section 8(a)(i), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Corporation, (ii) any acquisition by the Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Subsidiary, or (iv) any acquisition pursuant to a transaction that complies with Sections 8(a)(iii)(A), 8(a)(iii)(B) and 8(a)(iii)(C);

(ii) Individuals who, as of the date hereof, constitute the Board of Directors (each a "Continuing Director") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least a majority of the Continuing Directors shall be considered to be a Continuing

Director, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors;

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership of the Outstanding Voting Securities immediately prior to such Business Combination, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(iv) The stockholders of the Corporation give approval of a complete liquidation or dissolution of the Corporation.

The Board of Directors may terminate, amend, or modify this definition or determine that it does not apply to a specific transaction that would otherwise be a Change in Control.

(b) Upon any Change in Control, as of the close of business at the principal executive office of the Corporation on the business day immediately preceding the date on which such event occurs, for purposes of the Plan and to the extent that the provisions of the Plan remain applicable to shares granted under the Plan, the restriction provided for in Section 6 of the Plan shall without further act expire and cease to apply to any securities granted under the Plan, the requirement of a legend on stock certificates provided for in Section 11 of the Plan shall without further act expire and cease to apply to any securities granted under the Plan, and each Non-Employee Director or Permitted Transferee holding shares issued under the Plan shall thereupon have the right to receive unlegended shares as set forth in the last sentence of Section 11 of the Plan.

Section 9. *Adjustments*. In the event of changes in the Common Stock of the Corporation after the commencement of the first Plan Period by reason of any stock dividend, split-up, combination of shares, reclassification, recapitalization, merger, consolidation, reorganization or liquidation: (a) the restrictions provided in Section 6 and the requirement of a legend on stock certificates provided in Sections 11 and 12(d) shall apply to any securities issued in connection with any such change in respect of stock which has been issued under the Plan and (b) appropriate adjustments shall be made by the Board of Directors as to (i) the number and class of shares available under the Plan in the aggregate, and (ii) the number of shares to be delivered to a Non-Employee Director where such change occurred after the Non-Employee Director was elected but before the date the stock covered by the applicable

Retainer is issued, including deferred payments under any of the deferral arrangements referred to in Section 5(c).

Section 10. *Action by Corporation*. Neither the existence of the Plan nor the issuance of Common Stock pursuant thereto shall impair the right of the Corporation or its stockholders to make or effect any adjustments, recapitalization or other change in the Common Stock referred to in Section 9, any change in the Corporation's business, any issuance of debt obligations or stock by the Corporation or any grant of options on stock of the Corporation.

Section 11. *Legend on Stock Certificates*. All shares of Common Stock issued under the Plan shall, so long as the restrictions imposed by the Plan (including without limitation Section 6) remain in effect, be represented by certificates, each of which shall bear a legend in substantially the following form:

> This certificate and the shares represented hereby are held subject to the terms of the 2002 Stock Plan for Non-Employee Directors of Sealed Air Corporation, which Plan provides that neither the shares issued pursuant thereto, nor any interest therein, may be sold, transferred, pledged, encumbered or otherwise disposed of (including without limitation by way of gift or donation) except in accordance with such Plan. A copy of such Plan is available for inspection at the executive offices of Sealed Air Corporation.

Each Non-Employee Director and his or her Permitted Transferees may surrender to the Corporation the certificate or certificates representing such shares in exchange for a new certificate or certificates, free of the above legend, or for a statement from the Corporation representing such shares held in book entry form free of such legend at any time after either such Non-Employee Director has ceased to be a director of the Corporation or the restriction set forth in Section 6 has otherwise ceased to apply to the shares covered by such certificate.

Section 12. *Government and Other Regulations and Restrictions*.

(a) *In General.* The issuance by the Corporation of any shares of Common Stock pursuant to the Plan shall be subject to all applicable laws, rules and regulations and to such approvals by governmental agencies as may be required.

(b) *Registration of Shares.* The Corporation shall use its reasonable commercial efforts to cause the grants of shares of Common Stock to be made pursuant to this Plan to be registered under the Securities Act of 1933, as amended (the "Securities Act"), but shall otherwise be under no obligation to register any shares of Common Stock issued under the Plan under the Securities Act or otherwise. If, at the time any shares of Common Stock are issued pursuant to the Plan or transferred to a Permitted Transferee, there shall not be on file with the Securities and Exchange Commission an effective Registration Statement under the Securities Act covering such shares of Common Stock, the person to whom such shares are to be issued will execute and deliver to the Corporation upon receipt by him or her of any such shares an undertaking, in form and substance satisfactory to the Corporation, that (i) such person has had access or will, by reason of such person's service as a director of the Corporation, or otherwise, have access to sufficient information concerning the Corporation to enable him or her to evaluate the merits and risks of the acquisition of shares of the Corporation's Common Stock pursuant to the Plan, (ii) such person has such knowledge and experience in financial and business matters that such person is capable of evaluating such acquisition, (iii) it is the intention of such person to acquire and hold such shares for investment and not for the resale or distribution thereof, (iv) such person will comply with the Securities Act and the Securities Exchange Act with respect to such shares, and (v) such person will indemnify the Corporation for any costs, liabilities and expenses which the Corporation may sustain by reason of any violation of the Securities Act or the Securities Exchange Act occasioned by any act or omission on his or her part with respect to such shares.

(c) *Resale of Shares.* Without limiting the generality of Section 6, shares of Common Stock acquired pursuant to the Plan shall not be sold, transferred or otherwise disposed of unless and until either (i) such shares shall have been registered by the Corporation under the Securities Act, (ii) the Corporation shall have received either a "no action" letter from the Securities and Exchange Commission or an opinion of counsel acceptable to the Corporation to the effect that such sale, transfer or other disposition of the shares may be effected without such registration, or (iii) such sale, transfer or disposition of the shares is made pursuant to Rule 144 under the Securities Act, as the same may from time to time be in effect, and the Corporation shall have received information acceptable to the Corporation to such effect.

(d) *Legend on Certificates.* The Corporation may require that any certificate or certificates evidencing shares issued pursuant to the Plan bear a restrictive legend, and be subject to stop-transfer orders or other actions, intended to effect compliance with the Securities Act or any other applicable regulatory measures.

Section 13. *No Right to Continued Membership; Non-Exclusivity*. Nothing contained in the Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements or modifying existing compensation arrangements for Non-Employee Directors, subject to stockholder approval if such approval is required by applicable statute, rule or regulation; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any member of the Board of Directors of the Corporation any right to continued membership on the Board of Directors of the Corporation.

Section 14. *No Rights in Common Stock*. No Non-Employee Director or Permitted Transferee shall have any interest in or be entitled to any voting rights or dividends or other rights or privileges of stockholders of the Corporation with respect to any shares of Common Stock granted pursuant to the Plan unless, and until, shares of Common Stock are actually issued to such person and then only from the date such person becomes the record owner thereof.

Section 15. *Tax Withholding*. The Corporation shall make appropriate provisions for the payment of any federal, state or local taxes or any other charges that may be required by law to be withheld by reason of the payment of a Retainer or a grant or the issuance of shares of Common Stock pursuant to the Plan.

Section 16. *No Liability*. No member of the Board of Directors of the Corporation, nor any officer or employee of the Corporation acting on behalf of the Board of Directors of the Corporation, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board of Directors and each and any officer or employee of the Corporation acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Corporation in respect of any such action, determination or interpretation.

Section 17. *Successors*. The provisions of the Plan shall be binding upon and inure to the benefit of all successors of any person receiving a Retainer or Common Stock of the Corporation pursuant to the Plan, including, without limitation, the estate of such person and the executors, administrators or trustees thereof, the heirs and legatees of such person, and any receiver, trustee in bankruptcy or representative of creditors of such person.

Section 18. *Subsidiaries*. For the purposes of the Plan, the term "Subsidiaries" includes those corporations 50 per cent or more of whose outstanding voting stock is owned or controlled, directly or indirectly, by the Corporation and those companies, partnerships and joint ventures in which the Corporation owns directly or indirectly a 50 per cent or more interest in the capital account or earnings.

Section 19. *Expenses*. The expenses of administering the Plan shall be borne by the Corporation.

Section 20. *Pronouns*. Masculine pronouns and other words of masculine gender shall refer to both men and women.

Section 21. *Termination and Amendment of the Plan*. The Board of Directors may from time to time amend this Plan, or discontinue the Plan or any provisions thereof, provided that no amendment or modification of the Plan shall be made without the approval of the stockholders of the Corporation that would (i) increase the number of shares of Common Stock available for issuance under the Plan; (ii) modify the requirements as to eligibility for participation under the Plan; or (iii) change any of the provisions of this Section 21. No amendment or discontinuation of the Plan or any provision thereof shall, without the written consent of the participant, adversely affect any shares theretofore granted to such participant under the Plan.

Section 22. *Effective Date*. The Plan shall become effective on the date of its approval by the stockholders of the Corporation.

QuickLinks

Exhibit 10.7

SEALED AIR CORPORATION 2002 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS as amended April 13, 2010

Exhibit 10.8

SEALED AIR CORPORATION
DEFERRED COMPENSATION PLAN FOR DIRECTORS
Amended and Restated as of January 1, 2007

1. *PURPOSE.* The Sealed Air Corporation Deferred Compensation Plan for Directors (the "Plan") is designed to provide a method of deferring payment to directors of Sealed Air Corporation, a Delaware corporation (the "Corporation"), of their annual retainers, as fixed from time to time by the Board of Directors, including any portion thereof otherwise payable in accordance with the Restricted Stock Plan for Non-Employee Directors of Sealed Air Corporation or any successor plan thereto (the "Directors Stock Plan"), until termination of their services on the Board. It is the intent of the Corporation that amounts deferred under the Plan by a director shall not be taxable to the director for income tax purposes until the time they are actually received by the director. The provisions of the Plan shall be construed and interpreted to effectuate such intent.

The Corporation is amending and restating the Plan effective January 1, 2007 as set forth herein to (i) provide for the Plan's compliance with the requirements of Section 409A of the Internal Revenue Code (the "Code") and (ii) otherwise meet current needs.

2. *PLAN PERIOD.* Each Plan Period shall commence upon the election of Directors at an Annual Meeting of Stockholders and terminate upon the election of Directors at the next occurring Annual Meeting of Stockholders.

3. *ADMINISTRATION.* The Plan shall be administered by a committee consisting of the Chief Executive Officer of the Corporation and two other officers of the Corporation selected by him (such committee referred to herein as the "Plan Administrator"). The Plan Administrator shall have the power to interpret the Plan and, subject to its provisions, to make all determinations necessary or desirable for the Plan's administration.

4. *PARTICIPATION.*

(a) *Eligibility*. An individual who is a "Non-Employee Director" as defined under the Directors Stock Plan shall be eligible to make a deferral election under the Plan.

(b) *Elections to Defer*. A Non-Employee Director may become a Participant in the Plan by irrevocably electing to defer all of the portion of the annual retainer payable to the Non-Employee Director in shares of Common Stock for the Plan Period commencing during the calendar year. If a Participant elects such deferral and will also receive a portion of his or her annual retainer in cash, then the Participant may also elect to defer all of the portion of the annual retainer payable to the Non-Employee Director in cash for such Plan Period. In order to be effective, a Non-Employee Director's election to defer must be in writing on a form provided by the Plan Administrator that is executed and returned to the Plan Administrator on or before the date specified by the Plan Administrator for such purpose. Such election must be made prior to the beginning of the calendar year in which the Plan Period to which the election relates commences, provided that a newly elected Non-Employee Director who first becomes eligible to participate in the Plan after the start of the calendar year in which the Plan Period commences may make a deferral election within thirty (30) days after first becoming eligible to participate in the Plan. If a person ceases to be a Non-Employee Director as defined under the Directors Stock Plan but continues to serve as a Director, the person shall no longer be eligible to make deferral elections under the Plan but will continue to be a Participant in the Plan with respect to amounts previously deferred under the Plan while serving as a Non-Employee Director.

5. *ESTABLISHMENT OF ACCOUNTS.*

(a) *Accounts*. The Corporation shall establish and maintain on its books for each Participant a Stock Account and a Cash Account (collectively, the Participant's Accounts).

(i) *Stock Accounts*. For a Non-Employee Director who becomes a Participant by electing to defer the portion of his or her annual retainer payable in shares of the Corporation's Common Stock, a number of Stock Units equal to the number of shares that would have otherwise been paid to the Participant under the Directors Stock Plan shall be credited to his or her Stock Account on or about the date on which the Participant would have become entitled to receive such shares if payment had not been deferred. Such deferral shall be subject to any applicable terms and conditions of the Directors Stock Plan (such as any requirement for the payment of consideration for the shares, if applicable).

(ii) *Cash Accounts*. If the Participant also elects to have payment deferred of the portion of his or her annual retainer payable in cash, such amounts shall be credited to his or her Cash Account on or about the date or dates on which the cash payments would otherwise have been paid to the Participant if he or she had not elected to defer such payments. The Cash Account may also be credited from time to time with interest adjustments and adjustments for cash dividends as provided below.

(b) *Account Adjustments Related to Stock Account*. If cash dividends should be paid on the Corporation's Common Stock while any Participant has a Stock Account, the cash dividends based on the number of Stock Units held in such Stock Account shall be credited to that Participant's Cash Account on the applicable dividend payment date. In addition, each Stock Account shall be appropriately adjusted in the event of a stock dividend, split-up, combination of shares, reclassification, recapitalization, merger, consolidation, reorganization or liquidation to the same extent such adjustment is made under the Directors Stock Plan.

(c) *Account Adjustments Related to Cash Account*. As of the last day of each calendar quarter, each Cash Account shall be credited with earnings at the Prime Rate (as defined below) applicable to such quarter less 50 basis points. Such earnings credit shall be computed on the average daily balance in the Cash Account during such calendar quarter, excluding any assets that have been distributed from such Account during such quarter. "Prime Rate" means the "prime rate" as reported in *The Wall Street Journal* as the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks. The Prime Rate applicable to a quarter shall be the Prime Rate reported on the first day of such quarter or, if no Prime Rate is reported on such date, on the most recent prior day on which a Prime Rate is reported.

6. *PAYMENT.*

(a) *Payment Options*. At the time a Participant first makes an election to defer an annual retainer under the Plan, the Participant shall be given the opportunity to elect one of the following payment options: (i) a single payment or (ii) five annual installments. The election shall be made in writing on a form provided by the Plan Administrator and must be returned to the Plan Administrator before the date specified by the Plan Administrator. Such election shall be effective with respect to all payments of annual retainers deferred under the Plan by a Participant. If a Participant fails to duly elect a payment option, the method of payment shall be a single payment. After the initial deferral election, a Participant may not elect a new payment option.

(b) *Special Payment Elections*. Each Participant who is in active service on any date during 2007 shall be given the opportunity during 2007 to make a payment election applicable to all payments of annual retainers deferred by the Participant under the Plan. The Participant shall be given the opportunity to elect one of the following payment options: (i) a single payment or (ii) five annual installments. In the event a Participant covered by this Section 6(b) fails to make a special payment election, the payment option shall be (x) the payment option most recently elected by the Participant under the Plan according to the records of the Plan, even if that prior payment election had not yet become effective, or (y) in the absence of any such prior payment election, a single payment. Following the special payment election, a Participant may not elect a new payment option.

(c) *Single Payment*. If a Participant to whom the single payment method applies terminates service as a member of the Board of Directors of the Corporation, such Participant's Accounts shall continue to be credited with adjustments under Sections 5(b) and 5(c) above through December 31 of the calendar year in which such termination occurs. The final Cash Account balance as of such December 31 shall be paid in a single cash payment to the Participant (or to the Participant's designated beneficiary if the Participant dies prior to distribution of his or her Account) between January 1 and January 31 of the following calendar year. The number of shares of Common Stock equal to the number of Stock Units in the Stock Account as of such December 31 shall be issued to the Participant (or to the Participant's designated beneficiary, if appropriate) between January 1 and January 31 of the following year.

(d) *Annual Installments*. If a participant to whom the annual installments method applies terminates service as a member of the Board of Directors of the Corporation, the amount of such annual installments shall be calculated and paid as provided in this Section 6(d). The Participant's Accounts shall continue to be credited with adjustments under Sections 5(b) and 5(c) until the Accounts are fully paid out. The first installment shall be paid between January 1 and January 31 of the calendar year immediately following the calendar year in which such termination occurred, and each subsequent installment shall be paid between January 1 and January 31 of each subsequent calendar year. Each payment from each Account shall be equal to (i) the balance in such Account as of December 31 of the calendar year immediately preceding the calendar year of payment, multiplied by (ii) a fraction, the numerator of which is one and denominator is the number of installments remaining, including the current year's payment, *provided*, *however*, that no fractional shares of Common Stock shall be issued, but instead the number of shares to be issued as part of each payment shall be rounded to the nearest whole number of shares. In the event of the Participant's death before all installments have been paid, any remaining annual installments shall be paid to the Participant's designated beneficiary.

(e) *Payments from Stock Accounts*. Shares of Common Stock to be delivered in payment of all or part of a Stock Account shall come from the Directors Stock Plan. Notwithstanding any other provisions of this Plan, the issuance by the Corporation of any shares of Common Stock in payment of all or part of a Stock Account shall be subject to all applicable laws, rules and regulations and to such approvals by governmental agencies as may be required. Shares of Common Stock so issued may not be sold, transferred or otherwise disposed of except in compliance with such rules, and the Corporation may require that any certificate evidencing shares so issued bear a restrictive legend and be subject to stop-transfer orders or other actions intended to effect compliance with the Securities Act of 1933, as amended, or any other applicable regulatory measures. If, in the Plan Administrator's sole and exclusive discretion, issuance of shares of Common Stock in payment of all or part of a Stock Account is not practicable, whether due to compliance with such laws, rules or regulations or otherwise, then the Plan Administrator (subject to any required Board or other approval for purposes of Section 16 under the Securities Exchange Act of 1934, as amended) can cause the Corporation to pay cash to the Participant or beneficiary to whom the shares would otherwise be issued in an amount equal to the number of Stock Units to be distributed times the price per Stock Unit equal to the closing price of a share of Common Stock on December 31 of the calendar year immediately preceding the calendar year of payment as reported on the consolidated transaction reporting system for New York Stock Exchange listed issues on that date or, if no sales occurred on that date, on the most recent prior day on which a sale occurred.

(f) *Other Payment Provisions*. Subject to the provisions of Section 6(g) and 7 below, a Participant shall not be paid any portion of the Participant's Accounts prior to the Participant's termination of service as a member of the Board of Directors of the Corporation. Any payment hereunder shall be subject to applicable withholding taxes. If any amount becomes payable under the provisions of the Plan to a Participant, beneficiary or other person who is a minor or an incompetent, whether or not declared incompetent by a court, such amount may be paid directly to the minor or incompetent person or to such person's legal representative (or attorney-in-fact in the case of an incompetent) as the Plan Administrator, in its sole discretion, may decide, and the Plan Administrator shall not be liable to any person for any such decision or any payment pursuant thereto. Participants shall designate a beneficiary under the Plan on a form furnished by the Plan Administrator, and if a Participant does not have a beneficiary designation in effect, the designated beneficiary shall be the Participant's estate.

(g) *Withdrawals on Account of Unforeseeable Emergency*. Notwithstanding any other provision of the Plan, if the Plan Administrator shall determine in its sole discretion that the time of payment of a Participant's Accounts should be advanced because of "unforeseeable emergency," then the Plan Administrator may advance the time or times of payment (whether before or after the Participant's termination of services as a member of the Board of Directors of the Corporation). A Participant requesting a payment under this Section 6(g) shall have the burden of proof of establishing, to the Plan Administrator's satisfaction, the existence of such "unforeseeable emergency," and the amount of the payment needed to satisfy the same. In that regard, the participant shall provide the Plan Administrator with such financial data and information as the Plan Administrator may request. If the Plan Administrator determines that a payment shall be made to a Participant under this Section 6(g), such payment shall be made within a reasonable time after the Plan Administrator's determination of the existence of such "unforeseeable emergency" and the amount of payment so needed. Withdrawals of amounts because of an "unforeseeable emergency" shall not exceed an amount reasonably needed to satisfy the emergency need. As used herein, the term "unforeseeable emergency" means a severe financial hardship to a participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant (as defined in Code Section 152), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that shall constitute an "unforeseeable emergency" shall depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Examples that are not considered to be "unforeseeable emergencies" include the need to send a Participant's child to college or the desire to purchase a home. Amounts withdrawn under this Section 6(g) shall come first from the Participant's Cash Account, and second, to the extent necessary, from the Participant's Stock Account. Amounts to be withdrawn from the Stock Account under this Section 6(g) shall be payable in cash (subject to any required Board or other approval for purposes of Section 16 under the Securities Exchange Act of 1934, as amended) based on the closing price of the Common Stock as of the determination date for the withdrawal.

(g) *Statements of Accounts*. Each Participant shall receive an annual statement of the balance in the participant's Accounts.

7. *TERMINATION AND AMENDMENT.* The Board may terminate the Plan at any time so that no further amounts shall be credited to Accounts or may, from time to time, amend the Plan, without

the consent of Participants or beneficiaries; *provided*, *however*, that no such amendment or termination shall reduce the amount actually credited to a Participant's Accounts under the Plan on the date of such amendment or termination or further defer the due dates for the payment of such amounts without the consent of the affected Participant or beneficiary. To the extent permitted by Code Section 409A, in connection with any termination of the Plan the Board shall have the authority to cause the Accounts of all Participants (and beneficiary of any deceased Participants) to be paid in a single sum payment as of a date determined by the Board or to otherwise accelerate the payment of all Accounts in such manner as the Board shall determine in its discretion. In that case, the Board may determine to pay Stock Accounts either in shares of Common Stock or in cash based on the closing price of the Common Stock as of the Plan termination date (or any later determination date or dates established by the Board for such purpose).

8. *APPLICABLE LAW.* The Plan shall be construed, administered, regulated and governed in all respects under and by the laws of the United States to the extent applicable, and to the extent such laws are not applicable, by the laws of the state of Delaware.

9. *COMPLIANCE WITH CODE SECTION 409A.* The Plan is intended to comply with Code Section 409A. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered consistent with this intent.

10. *PAYMENTS FOR PARTICIPANTS WHO TERMINATED EMPLOYMENT PRIOR TO 2007.* Payments to any Participant who terminated services prior to 2007 shall be made in accordance with the provisions of the Plan as in effect prior to 2007.

11. *MISCELLANEOUS.* A Participant's rights and interests under the Plan may not be assigned or transferred by the Participant. The Plan shall be an unsecured, unfunded arrangement. To the extent the Participant acquires a right to receive payments from the Corporation under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Corporation. The Corporation shall not be required to segregate any amounts credited to any Account, which shall be established merely as an accounting convenience. No shares will be issued in respect of any Stock Account until distribution of such account and no Participant shall have any rights as a stockholder of the Corporation with respect to any Stock Units credited to the Participant's Stock Account unless and until those Stock Units are paid to the Participant by the issuance of shares of Common Stock as provided herein. Nothing contained herein shall be deemed to create a trust of any kind or any fiduciary relationship between the Corporation and any Participant. The Plan shall be binding on the Corporation and any successor in interest of the Corporation.

IN WITNESS WHEREOF, this instrument has been executed by an authorized officer of the Corporation as of the 15th day of November, 2007.

SEALED AIR CORPORATION

By: /s/ WILLIAM V. HICKEY

William V. Hickey
President and Chief Executive Officer

QuickLinks

EXHIBIT 31.1

CERTIFICATIONS

I, William V. Hickey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2010

/s/ WILLIAM V. HICKEY

William V. Hickey
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, David H. Kelsey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2010

/s/ DAVID H. KELSEY

David H. Kelsey
Senior Vice President and Chief Financial Officer

EXHIBIT 32

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

In connection with the Quarterly Report on Form 10-Q of Sealed Air Corporation (the "Company") for the quarterly period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William V. Hickey, and I, David H. Kelsey, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: May 7, 2010

By: /s/ WILLIAM V. HICKEY

Name: William V. Hickey
Title: *Chief Executive Officer*

Date: May 7, 2010

By: /s/ DAVID H. KELSEY

Name: David H. Kelsey
Title: *Chief Financial Officer*