eHealth, Inc.
Form 4
August 10, 2007

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Telkamp Bruce

(Last) (First) (Middle)

C/O EHEALTH, INC., 440 EAST MIDDLEFIELD ROAD

(Street)

MOUNTAIN VIEW, CA 94043

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
eHealth, Inc. [EHTH]

3. Date of Earliest Transaction (Month/Day/Year)
08/08/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/08/2007		M (1)		6,000	A	$ 1	31,000	I	By Trust (2)
Common Stock	08/08/2007		S (1)		6,000	D	$ 21.8269	25,000	I	By Trust (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option (right to buy)	$ 1	08/08/2007		M[(1)]			6,000	[(3)]	01/24/2012	Common Stock	6,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Telkamp Bruce C/O EHEALTH, INC. 440 EAST MIDDLEFIELD ROAD MOUNTAIN VIEW, CA 94043			Executive Vice President	

Signatures

/s/ Jennifer Thompson, as attorney-in-fact for Bruce A. Telkamp	08/10/2007
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** All of the transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan.
- **(2)** Shares are held by Bruce A. Telkamp and Diane E. Turriff as Trustees of the Diane E. Turriff and Bruce A. Telkamp Revocable Trust 2004.
- **(3)** This option became fully vested and exercisable on 1/24/2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Discontinued operations

1.04	0.05		#%	#%

Net (loss) earnings per common share diluted

$(7.31)	$0.80	$1.44	#%	(44)%

Explanation of Responses:

Weighted average number of common shares outstanding:

Basic

192.8	167.0	158.3	15%	5%

Diluted

192.8	185.4	176.7	4%	5%

Non-U.S. GAAP adjusted diluted net earnings per common share continuing operations[1]

$0.95	$1.26	$1.60	(24)%	(22)%

Non-U.S. GAAP adjusted diluted net earnings per common share discontinued operations[1]

0.95	0.05		#%	#%

Non-U.S. GAAP adjusted diluted net earnings per common share[1]

$1.90	$1.31	$1.60	45%	(18)%

# Denotes a variance greater than or equal to 100%, or not meaningful.

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

Diluted Net Earnings per Common Share

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

	Year Ended December 31,					
	2012		2011[1]		2010[1]	
	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
U.S. GAAP net (loss) earnings and EPS from continuing operations	**$ (1,610.1)**	**$ (8.35)**	**$ 138.5**	**$ 0.75**	**$ 254.4**	**$ 1.44**
Adjusted net earnings and EPS impact of special items[2]	1,810.6	8.57	94.3	0.51	26.9	0.16
EPS impact of using weighted-average dilutive shares for adjusted EPS calculation[3]		0.73				
Non-U.S. GAAP net earnings and EPS from continuing operations	**200.5**	**0.95**	**232.8**	**1.26**	**281.3**	**1.60**
Discontinued Operations	199.8	0.95	10.6	0.05		
Non-U.S. GAAP adjusted net earnings and EPS	**$ 400.3**	**$ 1.90**	**$ 243.4**	**$ 1.31**	**$ 281.3**	**$ 1.60**

(1) Our 2011 and 2010 Adjusted EPS calculation has been revised to conform to our 2012 presentation. There was no material impact to our Adjusted EPS results due to this revision.

(2) Special items are certain one-time costs. For 2012, these items primarily included (i) impairment of goodwill and other intangible assets, (ii) restructuring charges and (iii) loss on debt redemption. For 2011, these items primarily include costs related to the acquisition and integration of Diversey and restructuring charges. In 2010, these items primarily include loss on debt redemption.

(3) Represents the impact of using diluted weighted average number of common shares outstanding (211.2 million shares in 2012) included in the non-U.S. GAAP adjusted EPS calculation in order to apply the dilutive impact on adjusted net earnings of 18 million shares from the assumed issuance of the Settlement agreement shares and non-vested restricted stock and restricted stock units. This impact occurs when U.S. GAAP net loss is reported and using dilutive shares is antidilutive.

See Note 21, Net (Loss) Earnings Per Common Share, for details on the calculation of our U.S. GAAP basic and diluted EPS.

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

	Year Ended December 31,					
	2012		2011		2010	
	(Benefit) Provision	Effective Tax Rate	(Benefit) Provision	Effective Tax Rate	(Benefit) Provision	Effective Tax Rate
U.S. GAAP	$ (261.9)	14.0%	$ 59.5	30.0%	$ 87.5	25.5%
Non-U.S. GAAP (Core Taxes)	$ 70.7	26.1%	$ 94.4	30.9%	$ 102.0	26.6%

The discussions that follow provide further details about the material factors that contributed to the changes in our EPS for the three years ended December 31, 2012.

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Net Sales by Segment Reporting Structure

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

	2012	2011	2010	2012 vs. 2011 % Change	2011 vs. 2010 % Change
Net sales:					
Food & Beverage	$ 3,739.6	$ 3,240.6	$ 2,858.5	15%	13%
As a % of total net sales	49%	58%	64%		
Institution & Laundry	2,131.5	534.0		#	#
As a % of total net sales	28%	10%	#%		
Protective Packaging	1,578.4	1,594.4	1,469.9	(1)	8
As a % of total net sales	21%	29%	33%		
Other	198.6	181.9	161.7	9	12
As a % of total net sales	2%	3%	3%		
Total	$ 7,648.1	$ 5,550.9	$ 4,490.1	38%	24%

\# Denotes a variance greater than or equal to 100%, or not meaningful.

Net Sales by Geographic Region

By geographic region, the components of the increase in net sales for 2012 compared with 2011 were as follows:

	North America	Europe	Latin America	AMAT	Japan/ Australia/New Zealand	Total
Change in Net Sales						
Volume-Units	$ 48.2	$ (21.1)	$ 38.8	$ 33.4	$ 2.3	$ 101.6
% change	1.9%	(1.3)%	7.1%	9.6%	0.4%	1.8%
Volume-Acquired businesses, net of (dispositions)	455.3	970.8	234.2	404.5	52.8	2,117.6
% change	*18.4%*	*59.2%*	*42.9%*	*#*	*9.7%*	*38.2%*
Product price/mix	0.8	0.3	33.2	(1.1)	(4.2)	29.0
% change			*6.1%*	*(0.3)%*	*(0.7)%*	*0.5%*
Foreign currency translation	(1.2)	(97.7)	(49.9)	(6.0)	3.8	(151.0)
% change		*(5.9)%*	*(9.1)%*	*(1.7)%*	*0.7%*	*(2.7)%*
Total	**$ 503.1**	**$ 852.3**	**$ 256.3**	**$ 430.8**	**$ 54.7**	**$ 2,097.2**
% change	20.3%	52.0%	47.0%	#%	10.1%	37.8%

\# Denotes a variance greater than or equal to 100%, or not meaningful.

By geographic region, the components of the increase in net sales for 2011 compared with 2010 were as follows:

	North America	Europe	Latin America	AMAT	Japan/ Australia/New Zealand	Total

Change in Net Sales						
Volume-Units	$ 4.1	$ 35.3	$ 6.2	$ 27.1	$ 4.6	$ 77.3
% change	*0.2%*	*3.0%*	*1.4%*	*13.7%*	*1.0%*	*1.7%*
Volume-Acquired businesses, net of (dispositions)	145.9	340.7	82.8	120.0	18.0	707.4
% change	*6.6%*	*29.1%*	*19.1%*	*60.7%*	*3.9%*	*15.8%*
Product price/mix	94.0	24.4	9.0	(12.2)	6.1	121.3
% change	*4.2%*	*2.1%*	*2.1%*	*(6.3)%*	*1.3%*	*2.7%*
Foreign currency translation	7.2	68.1	13.4	13.4	52.7	154.8
% change	*0.3%*	*5.8%*	*3.1%*	*6.8%*	*11.5%*	*3.4%*
Total	**$ 251.2**	**$ 468.5**	**$ 111.4**	**$ 148.3**	**$ 81.4**	**$ 1,060.8**
% change	*11.3%*	*40.0%*	*25.7%*	*75.0%*	*17.7%*	*23.6%*

# Denotes a variance greater than or equal to 100%, or not meaningful.

Foreign Currency Translation Impact on Net Sales

As shown above, 65% of our consolidated net sales in 2012 were generated outside the U.S. Since we are a U.S. domiciled company, we translate our foreign currency-denominated net sales into U.S. dollars. Due to the changes in the value of foreign currencies relative to the U.S. dollar, translating our net sales from foreign currencies to U.S. dollars may result in a favorable or unfavorable impact. The most significant currencies that contributed to the translation of our net sales and our other consolidated financial results in 2012 were the euro, the British pound, the Australian dollar, the Brazilian real and the Canadian dollar.

We experienced an unfavorable impact from the translation of our foreign currency-denominated net sales of $151 million in 2012 compared with 2011. This was primarily due to the weakening of the U.S. dollar against the euro and Brazilian real.

In 2011, we experienced a favorable foreign currency translation impact on net sales of $155 million compared with 2010. Approximately $152 million of this favorable impact was experienced in the first nine months of 2011 as the U.S. dollar began to strengthen against most of the significant currencies that contribute to our net sales and other consolidated financial results.

Components of Change in Net Sales

The following tables present the components of change in net sales by our segment reporting structure for 2012 compared with 2011 and 2011 compared with 2010.

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We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as constant dollar. We believe using constant dollar measures aids in the comparability between periods as it eliminates the volatility of changes in foreign currency exchange rates.

2012 Compared with 2011	**Food & Beverage**		**Institutional & Laundry**		**Protective Packaging**		**Other**		**Total Company**	
Volume Units	$ 51.1	1.6%	$ 2.9	0.5%	$ 21.5	1.4%	$ 26.1	14.3%	$ 101.6	1.8%
Volume Acquired businesses, net of (dispositions)	516.7	15.9	1,598.6	#			2.3	1.3	2,117.6	38.2
Product price/mix[1]	22.5	0.7	8.8	1.7	(1.4)	(0.1)	(0.9)	(0.5)	29.0	0.5
Foreign currency translation	(91.1)	(2.8)	(13.0)	(2.4)	(36.1)	(2.3)	(10.8)	(5.9)	(151.0)	(2.7)
Total change (U.S. GAAP)	**$ 499.2**	**15.4%**	**$ 1,597.3**	**#%**	**$ (16.0)**	**(1.0)%**	**$ 16.7**	**9.2%**	**$ 2,097.2**	**37.8%**
Impact of foreign currency translation	$ 91.1	2.8%	$ 13.0	2.4%	$ 36.1	2.3%	$ 10.8	5.9%	$ 151.0	2.7%
Total constant dollar change (Non-U.S. GAAP)	**$ 590.3**	**18.2%**	**$ 1,610.3**	**#%**	**$ 20.1**	**1.3%**	**$ 27.5**	**15.1%**	**$ 2,248.2**	**40.5%**

2011 Compared with 2010	**Food & Beverage**		**Institutional & Laundry**		**Protective Packaging**		**Other**		**Total Company**	
Volume Units	$ 7.6	0.3%	$	%	$ 55.5	3.8%	$ 14.0	8.6%	$ 77.1	1.7%
Volume Acquired businesses, net of (dispositions)	172.5	6.0	534.0	#	1.0	0.1			707.5	15.8
Product price/mix[1]	96.6	3.4			25.4	1.7	(0.4)	(0.2)	121.6	2.7
Foreign currency translation	105.4	3.7			42.8	2.9	6.4	4.0	154.6	3.4
Total change (U.S. GAAP)	**$ 382.1**	**13.4%**	**$ 534.0**	**#%**	**$ 124.7**	**8.5%**	**$ 20.0**	**12.4%**	**$ 1,060.8**	**23.6%**
Impact of foreign currency translation	$ (105.4)	(3.7)%	$	%	$ (42.8)	(2.9)%	$ (6.4)	(4.0)%	$ (154.6)	(3.4)%
Total constant dollar change (Non-U.S. GAAP)	**$ 276.7**	**9.7%**	**$ 534.0**	**#%**	**$ 81.9**	**5.6%**	**$ 13.6**	**8.4%**	**$ 906.2**	**20.2%**

\# Denotes a variance greater than or equal to 100%, or not meaningful.

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

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

Food & Beverage Segment Net Sales

2012 compared with 2011

The $590 million, or 18%, constant dollar increase in 2012 compared with 2011 was primarily due to:

- a $517 million incremental impact of net sales by the acquired businesses from the hygiene solutions business as a result of the acquisition of Diversey in the fourth quarter of 2011;

- favorable product price/mix in Latin America of $29 million, or 7%, primarily from the benefits of prior pricing actions that were implemented to offset rising raw materials costs and from formula-based contractual price adjustments in the packaging solutions business; and

- higher unit volumes in Latin America of $28 million, or 7%, due to increased customer production rates for fresh red meat in the packaging solutions business.

2011 compared with 2010

The $277 million, or 10%, constant dollar increase in 2011 compared with 2010 was primarily due to:

- a $173 million incremental impact of net sales by the acquired businesses from the hygiene solutions business as a result of the acquisition of Diversey in the fourth quarter of 2011;

- favorable product price/mix in the U.S. of $73 million, or 3%, from the benefits of pricing actions that were implemented to offset rising raw materials costs, as well as formula-based contractual price adjustments in the packaging solutions business; and

- higher unit volumes in Europe of $19 million, or 1%, from higher equipment sales and case-ready, ready meal and vertical pouch packaging products sales from existing and new customers.

These favorable drivers were partially offset by lower unit volumes in the Canada of $14 million, or 1%, primarily due to a customer loss in the packaging solutions business. This customer loss is not considered material to our consolidated net sales.

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Institutional & Laundry Segment Net Sales

2012 compared with 2011

The $1,610 million constant dollar increase in net sales in 2012 compared with 2011 was primarily due to:

- a $1,599 million incremental impact of net sales by the acquired I&L business as a result of the acquisition of Diversey in the fourth quarter of 2011; and

- favorable product price/mix of $9 million, or 2% , primarily in Latin America and AMAT regions in the fourth quarter of 2012 compared with the same period of 2011.

These factors were partially offset by a decrease in unit volumes in Europe of $10 million, or 4%, reflecting a decline in consumer brands and lower equipment sales.

2011 compared with 2010

The $534 million constant dollar increase in net sales in 2011 compared with 2010 represents the acquisition of the I&L business as part of the acquisition of Diversey in the fourth quarter of 2011.

Protective Packaging Segment Net Sales

2012 compared with 2011

The $20 million, or 1%, constant dollar increase in net sales in 2012 compared with 2011 was primarily due to higher unit volumes in the U.S. of $25 million, or 3%, due to expanded market presence and strengths in solutions targeting e-commerce applications. This growth was partially offset by lower unit volumes in Europe of $11 million, or 3%, primarily due to lower customer demand reflecting the current economic challenges in the region.

2011 compared with 2010

The $82 million, or 6%, constant dollar increase in 2011 compared with 2010 was primarily due to:

- higher unit volumes in the U.S. of $27 million, or 3%, due to higher year-over-year industrial production rates, which in turn favorably affected the sales of our protective packaging products to existing customers in the order fulfillment space and our inflatable materials and equipment systems to new and existing customers in the e-commerce space;

- favorable product price/mix in the U.S. of $17 million, or 2%, and in Europe of $11 million, or 3%, due to the benefits of pricing actions that were implemented to offset rising raw materials costs.

Cost of Sales

Our primary input costs include raw materials such as polyolefin and other petrochemical-based resins and films, caustic soda, solvents, waxes, phosphates, surfactants, chelates, fragrances and paper and wood pulp products. These raw materials represent approximately one third of our cost of sales. Our other cost of sales inputs include direct and indirect labor, other raw materials and other input costs, including energy-related costs and transportation costs. The costs for our 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 our raw materials. The prices for these feedstocks have been particularly volatile in recent years as a result of changes in global demand. In addition, supply and demand imbalances of intermediate compounds such as benzene and supplier facility outages have impacted resin costs. Although changes in the prices of crude oil and natural gas are indicative of the variations in certain raw materials and energy-related costs, they are not perfect benchmarks. 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.

Cost of sales for the three years ended December 31, 2012 was as follows:

	2012	2011	2010	2012 vs. 2011 % Change	2011 vs. 2010 % Change
Cost of sales	$ 5,103.8	$ 3,950.6	$ 3,237.3	29%	22%
As a % of net sales	*67%*	*71%*	*72%*		

2012 compared with 2011

The $1.2 billion increase in cost of sales in 2012 compared with 2011 was primarily due to the incremental impact of costs of sales from acquired businesses of $1.2 billion from the food and beverage hygiene solutions and I&L businesses as a result of the acquisition of Diversey in the fourth quarter of 2011. Cost of sales for the year ended December 31, 2012 compared with 2011 was also impacted by favorable foreign currency translation of $111 million. Costs for raw materials and freight were $15 million lower in 2012 compared with 2011.

2011 compared with 2010

The $713 million increase in cost of sales in 2011 compared with 2010 was primarily due to:

- a $423 million incremental impact of costs of sales from acquired businesses from the food and beverage hygiene solutions and I&L businesses as a result of the acquisition of Diversey in the fourth quarter of 2011;
- higher raw materials costs of $125 million attributable to the increased average cost per pound of resin in 2011;
- an unfavorable impact of foreign currency translation of $115 million; and
- higher transportation and energy-related costs of $20 million.

Marketing, Administrative and Development Expenses

Marketing, administrative and development expenses for the three years ended December 31, 2012 are included in the table below. The amounts for 2011 and 2010 have been reclassified to conform to the 2012 presentation of these expenses as we now present the amortization of intangible assets acquired as a separate line item on our consolidated statements of operations.

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	2012	2011	2010	2012 vs. 2011 % Change	2011 vs. 2010 % Change
Marketing, administrative and development expenses	$ 1,785.2	$ 1,014.4	$ 699.0	76%	45%
As a % of net sales	*23%*	*18%*	*16%*		

2012 compared with 2011

The $771 million increase in marketing, administrative and development expenses in 2012 compared with 2011 was primarily due to a $796 million incremental impact of expenses from acquired businesses from the food and beverage hygiene solutions and I&L businesses as a result of the acquisition of Diversey in the fourth quarter of 2011, partially offset by the impact of favorable foreign currency translation of $27 million and a decrease in share-based compensation of $8 million primarily because we did not achieve some of our 2012 financial performance goals.

2011 compared with 2010

The $315 million increase in marketing, administrative and development expenses in 2011 compared with 2010 was primarily due to:

- a $275 million incremental impact of expenses from acquired businesses from the food and beverage hygiene solutions and I&L businesses as a result of the acquisition of Diversey in the fourth quarter of 2011;
- an unfavorable impact of foreign currency translation of $21 million;
- an increase in selling and marketing expenses of $15 million to support our sales growth; and
- higher development expenses of $3 million due to additional headcount and increase in project spending to support strategic growth programs.

These factors were partially offset by a decrease in share-based compensation of $6 million primarily because we did not achieve some of our 2011 financial performance goals.

Amortization Expense of Intangible Assets Acquired

Amortization expense of intangible assets acquired for the three years ended December 31, 2012 were as follows:

	2012	2011	2010
Amortization expense of intangible assets acquired	$ 134.0	$ 39.5	$ 11.2

The increase in 2012 compared with both 2011 and 2010 was due to the amortization of the intangible assets acquired in connection with the acquisition of Diversey in the fourth quarter of 2011.

Impairment of Goodwill and Other Intangible Assets

In 2012, we recorded a pre-tax non-cash impairment charge of $1,892.3 million of goodwill and other intangible assets. See Note 8, Goodwill and Identifiable Intangible Assets, for information of the events and circumstances that lead to this impairment.

Costs Related to the Acquisition and Integration of Diversey

We recorded transaction and integration costs directly related to the acquisition of Diversey of $7 million in 2012 and $65 million in 2011. The transaction related costs were $55 million and primarily consist of financing commitment, legal, regulatory and appraisal fees. The remainder of the costs in both periods were integration costs primarily consisting of consulting fees. As discussed above, we have excluded these costs from our adjusted EPS calculations. See Note 4, Acquisition of Diversey Holdings, Inc., for further discussion of the acquisition.

Restructuring Activities

2011-2014 Integration and Optimization Program

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

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

We estimate that we realized approximately $105 million of benefits from this program in 2012 from headcount reductions, elimination of redundant costs, plant consolidations and procurement and logistics savings. We anticipate realizing an incremental $90 million in benefits in 2013.

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

European Principal Company

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

As part of the planning for this reorganization, we recognized associated costs of $12 million in 2012 and $4 million in 2011. These costs are included in marketing, administrative and development expenses in the consolidated statements of operations and in restructuring charges in 2011 related to termination benefits of $1 million.

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Global Manufacturing Strategy

We announced our global manufacturing strategy program in 2006 and completed the program in 2010. The goals of this multi-year program were to realign our manufacturing footprint to expand capacity in growing markets, to further improve our operating efficiencies, and to implement new technologies more effectively. Additionally, we optimized certain manufacturing platforms in North America and Europe into centers of excellence. 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.

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

	Year Ended December 31, 2010	Cumulative Through December 31, 2010
Capital expenditures	$ 3.3	$ 156.0
Associated costs	3.8	36.2
Restructuring and other charges	4.4	42.7

We estimate that we realized approximately $55 million in benefits in 2010, which were primarily realized in cost of sales.

European Facility Closure

In December 2010, we closed a small shrink packaging factory in Europe. We took this action based on our review of operating costs and technology levels in an effort to simplify our plant network and improve our operating efficiency. We recorded nominal associated costs and restructuring and other charges in 2011 and $7 million in 2010. The associated costs and restructuring and other charges related to the actions described above are considered special items and are excluded from our non-U.S. GAAP EPS calculations. See Diluted Net Earnings Per Common Share above for further details.

See Note 10, Restructuring Activities, for additional information on our recent restructuring activities.

Operating (Loss) Profit

Management evaluates the performance of each reportable segment based on its operating (loss) profit. Operating (loss) profit by our segment reporting structure for the three years ended December 31, 2012 was as follows:

	2012	2011	2010	2012 vs. 2011 % Change	2011 vs. 2010 % Change
Food & Beverage	$ (170.9)	$ 371.2	$ 361.9	#%	3%
As a % of Food & Beverage net sales	*(4.6)%*	*11.5%*	*12.7%*		
Institutional & Laundry	(1,278.4)	(14.8)		#	#
As a % of Institutional & Laundry net sales	*(60.0)%*	*(2.8)%*	*%*		
Protective Packaging	207.5	201.7	185.1	3	9
As a % of Protective Packaging net sales	*13.1%*	*12.7%*	*12.6%*		
Other	(25.4)	(11.7)	(4.4)	#	#
As a % of Other net sales	*(12.8)%*	*(6.4)%*	*(2.7)%*		
Total segments and other	(1,267.2)	546.4	542.6	#	1
As a % of net sales	*(16.6)%*	*9.8%*	*12.1%*		
Costs related to the acquisition and integration of Diversey	7.4	64.8		(89)	#
Restructuring and other charges[(1)]	142.5	52.2	7.6	#	#

Total operating (loss) profit	$ (1,417.1)	$ 429.4	$ 535.0	#%	(20)%
As a % of net sales	*(18.5)%*	*7.7%*	*11.9%*		

\# Denotes a variance greater than or equal to 100%, or not meaningful.

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

	2012	**2011**	**2010**
Food & Beverage	$ 72.0	$ 13.1	$ 3.7
Institutional & Laundry	53.1	39.5	
Protective Packaging	16.7	(0.4)	3.9
Other	0.7		
Total	$ 142.5	$ 52.2	$ 7.6

See Restructuring Activities above for further discussion of restructuring activities.

Food & Beverage Segment Operating (Loss) Profit

2012 compared with 2011

2012 operating loss includes the non-cash impairment charge related to goodwill and other intangible assets of $543 million. See Note 8, Goodwill and Identifiable Intangible Assets, for further details. The pre-impairment operating profit remained flat in 2011 and 2012.

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2011 compared with 2010

The increase in operating profit in 2011 compared with 2010 was primarily due to the net favorable impacts of the changes in net sales mentioned above, which was partially offset by higher raw materials costs, which we estimate to be $85 million higher in 2011 compared with 2010.

Institutional & Laundry Segment Operating (Loss) Profit

2012 compared with 2011

2012 operating loss includes the non-cash impairment charge related to goodwill and other intangible assets of $1.3 billion. See Note 8, Goodwill and Identifiable Intangible Assets, for further details. The pre-impairment operating profit increased by $62 million in 2012 compared to 2011, which was a result of the increase in net sales described above and lower raw materials costs being partially offset by higher marketing and administration costs.

2011 compared with 2010

The increase in operating profit in 2011 compared with 2010 was due to the acquisition of Diversey in the fourth quarter of 2011.

Protective Packaging Segment Operating Profit

2012 compared with 2011

Operating profit remained flat in 2012 when compared to 2011.

2011 compared with 2010

The increase in operating profit in 2011 compared with the same periods in 2010 was primarily due to the net favorable impacts of the changes in net sales mentioned above. These factors were partially offset by higher raw materials costs, which we estimate to be $32 million higher in 2011 compared with 2010.

Other Operating (Loss) Profit

2012 compared with 2011

2012 operating loss includes the non-cash impairment charge of $22 million related to a decision to stop development work on a project included in our new venture business. See Note 8, Goodwill and Identifiable Intangible Assets, for further details. A reduction in the pre-impairment operating loss in 2012 compared with 2011 was primarily due to lower development spending.

2011 compared with 2010

The decline in operating profit in 2011 compared with 2010 was primarily due to higher raw materials costs, which we estimate to be $8 million higher compared with 2010. Also contributing to the decline in operating profit were incremental expenses related to our new ventures. These factors were partially offset by the net favorable impacts of the increases in unit volumes mentioned above.

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.

Interest expense for the three years ended December 31, 2012 was as follows:

	2012	2011	2010	2012 vs. 2011 Change	2011 vs. 2010 Change
Interest expense on the amount payable for the Settlement agreement	$ 45.7	$ 43.3	$ 41.1	$ 2.4	$ 2.2
Interest expense on our various debt instruments:					
5.625% Senior Notes due July 2013[3]	19.2	20.7	21.9	(1.5)	(1.2)
12% Senior Notes due February 2014[1]	15.2	14.7	30.0	0.5	(15.3)
Term Loan A due October 2016[2]	35.8	10.4		25.4	10.4
7.875% Senior Notes due June 2017	33.3	33.1	33.0	0.2	0.1
Term Loan B due October 2018[2]	64.0	17.5		46.5	17.5
8.125% Senior Notes due September 2019[2]	62.3	15.1		47.2	15.1
8.375% Senior Notes due September 2021[2]	63.8	15.4		48.4	15.4
6.875% Senior Notes due July 2033	30.9	30.9	30.9		
6.50% Senior Notes due December 2020[3]	2.5			2.5	
Revolving Credit Facility[2]	4.1	1.3		2.8	1.3
Other interest expense	13.4	18.4	8.4	(5.0)	10.0
Less: capitalized interest	(5.5)	(4.2)	(3.7)	(1.3)	(0.5)
Total	$ 384.7	$ 216.6	$ 161.6	$ 168.1	$ 55.0

(1) We redeemed $150 million of these notes in December 2010. See Loss on Debt Redemption below.

(2) In connection with the acquisition of Diversey on October 3, 2011, we entered into the Credit Facility consisting of: (a) a $1.1 billion multicurrency Term Loan A Facility, (b) a $1.2 billion multicurrency Term Loan B Facility and (c) a $700 million Revolving Credit Facility. We also issued $750 million of 8.125% Senior Notes and $750 million of 8.375% Senior Notes. See Note 12, Debt and Credit Facilities, for further details.

(3) On November 28, 2012, we issued $425 million of 6.50% Senior Notes. A portion of the proceeds from this offering was used to purchase $400 million of the 5.625% Senior Notes due July 2013 (the 5.625% Notes). See Note 12, Debt and Credit Facilities, and Loss on Debt Redemption below for further details.

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Loss on Debt Redemption

In November 2012, we issued $425 million of 6.50% senior notes and used substantially all of the proceeds to retire the 5.625% senior notes due July 2013. We repurchased the 5.625% Notes at fair value. The aggregate repurchase price was $421 million, which included the principal amount of $400 million, a 3% premium of $13 million and accrued interest of $8 million. We recognized a total net pre-tax loss of $12 million, which included the premiums mentioned above, less a gain of $1 million on the termination of a related interest rate swap.

We amended and refinanced our credit facility to (a) reduce Term Loan B interest rates, (b) gain additional flexibility on financial covenant, and (c) amend certain other terms. As a result, we recognized a pretax loss of $16 million for the accelerated unamortized original issuance discounts of $9 million and the unamortized capitalized lender fees for $7 million. We also recorded new original issuance discount and non-lender fees for a total of $2 million, which are included in the carrying amount of the debt instruments. In addition, we recorded a pre-tax loss of $7 million of non-lender fees related to the transactions mentioned above.

See Note 12, Debt and Credit Facilities for details of our debt transactions.

In December 2010, we completed an early redemption of $150 million of the outstanding $300 million principal amount of our 12% Senior Notes due February 14, 2014. We redeemed the notes at 127% of the principal amount plus accrued interest. The aggregate redemption price was $196 million, including $5 million of accrued interest. We funded the redemption with available cash. We recorded a pre-tax loss of $41 million resulting from the 27% premium. We also recognized a gain of $2 million from the termination of a related interest rate swap. As a result, the total net pre-tax loss was $39 million, which equated to a $0.14 per common share decrease to our reported net earnings per common share.

Net Gains on Sale of Available-for-Sale Securities

In 2010, we sold our five auction rate security investments, representing our total holdings of these securities. These sales resulted in a pre-tax gain of $7 million ($4 million, net of taxes). Before we sold these investments, we recognized $1 million of pre-tax other-than-temporary impairment in 2010 due to the decline in estimated fair value of some of these investments.

Foreign Currency Exchange (Losses) Gains Related to Venezuelan Subsidiaries

Effective January 1, 2010, Venezuela was designated a highly inflationary economy. The foreign currency exchange gains and losses we recorded in 2012, 2011 and 2010 for our Venezuelan subsidiary were the result of two factors: 1) the significant changes in the exchange rates used to settle bolivar-denominated transactions and 2) the significant changes in the exchange rates used to remeasure our Venezuelan subsidiary s financial statements at the balance sheet date. We believe these gains and losses are attributable to the unstable foreign currency environment in Venezuela. See Venezuela in Foreign Exchange Rates of Item 7A, Quantitative and Qualitative Disclosures About Market Risk, for further discussion on Venezuela.

Other Expense, Net

See Note 20, Other Expense, net, for the components and discussion of other expense, net.

Income Taxes

Our loss before income taxes from continuing operations for 2012 was reduced by an income tax benefit of $262 million. Our effective income tax benefit rate for 2012 was 14% because our net loss resulted from an impairment charge, substantially all of which related to non-deductible goodwill, with no corresponding tax benefit. Our core tax rate for the year was 26%. Our tax provision for the year benefitted from earnings in jurisdictions with low tax rates and losses in jurisdictions, such as the U.S., with high tax rates, as well as favorable settlements of certain tax disputes totaling $12 million in 2012. The favorable factors were partially offset by losses in jurisdictions where we did not have any tax benefit due to the applicable tax rate or valuation allowances.

Our effective income tax rate from continuing operations was 30% for 2011 and 25% for 2010. As described below, the legacy-Diversey operations and the costs of the Diversey acquisition increased our 2011 effective tax rate. For 2011 and 2010, our effective income tax rate was lower than the statutory U.S. federal income tax rate of 35% primarily due to the lower net effective income tax rate on foreign earnings, as well as income tax benefits from tax credits and the domestic manufacturing deduction, partially offset by state income taxes and, in 2011, nondeductible expenses incurred in connection with the Diversey acquisition.

We expect an effective income tax rate in the range of 25% to 27% in 2013.

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

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

See Note 17, Income Taxes, for a reconciliation of the U.S. federal statutory rate to our effective tax rate, which also shows the major components of the year over year changes.

Liquidity and Capital Resources

The discussion that follows contains descriptions of:

- our material commitments and contingencies;
- our principal sources of liquidity;
- our outstanding indebtedness;
- our historical cash flows and changes in working capital;
- changes in our stockholders equity; and
- our derivative financial instruments.

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Material Commitments and Contingencies

Settlement Agreement and Related Costs

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

We currently expect to fund a substantial portion of this payment when it becomes due by using accumulated cash and cash equivalents with the remainder from our committed credit facilities. Our new Credit Facility is available for general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement. See Principal Sources of Liquidity below. The cash payment of $513 million accrues interest at a 5.5% annual rate, which is compounded annually, from December 21, 2002 to the date of payment. This accrued interest was $364 million at December 31, 2012 and is recorded in Settlement agreement and related accrued interest on our consolidated balance sheet. The total liability on our consolidated balance sheet was $877 million at December 31, 2012. In addition, the Settlement agreement provides for the issuance of 18 million shares of our common stock. Since the impact of issuing these shares is dilutive to our EPS, under U.S. GAAP, they are included in our diluted weighted average number of common shares outstanding in our calculation of EPS if the impact of including these shares is dilutive. See Note 21, Net (Loss) Earnings Per Common Share, for details of our calculation of EPS.

Tax benefits resulting from the anticipated funding of the Settlement agreement were recorded as a $401 million net deferred tax asset on our consolidated balance sheet as of December 31, 2012. This deferred tax asset reflects the cash portion of the Settlement agreement and related accrued interest and the value of the 18 million shares of our common stock at the post-split price of $17.86 per share, which was the price when the Settlement agreement was reached in 2002. We intend to carry back a significant portion of the loss resulting from our deduction under the Settlement agreement. The efficiency of any amount carried back and the benefit therefrom, as well as the benefit from the amount carried forward, may depend upon, among other factors, the year when we fund the Settlement agreement. Our tax benefit may be significantly reduced resulting in an increased tax expense if we fund the Settlement agreement later than 2013. The timing of our funding, however, is subject to factors beyond our control. Other facts that will impact our tax benefit include the amount of cash we pay, our tax position and the applicable tax codes, our past and anticipated future earnings in the U.S., as well as the price or our common stock at the time we fund the Settlement agreement. For example, our tax benefit will be reduced, resulting in an increased tax expense, if the price of our common stock at the time of funding is less than $17.86 per share. Conversely, although our cash tax benefit will increase, any additional benefit resulting from an increased price per share will increase our paid in capital and not decrease our tax expense.

If we are unable to generate sufficient U.S. taxable income we could be required to increase our valuation allowance against this deferred tax asset and we may not realize the full cash tax benefit relating to this asset. This could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods in which these conditions occur. Changes in statutory tax rates or other new legislation or regulation may also change our deferred tax assets or liability balances, with either favorable or unfavorable impacts on our effective tax rate.

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

As mentioned in 2013 Outlook above, our full year 2013 diluted net earnings per common share guidance continues to exclude the payment under the Settlement agreement, as the timing is unknown. Payment under the Settlement agreement is expected to be accretive to our post-payment diluted net earnings per common share by approximately $0.13 annually. This range primarily represents the accretive impact on our net earnings from ceasing to accrue any future interest on the settlement amount following the payment.

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 18, Commitments and Contingencies, under the caption Settlement Agreement and Related Costs is incorporated herein by reference.

Cryovac Transaction Commitments and Contingencies

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 18, Commitments and Contingencies, under the caption Cryovac Transaction Commitments and Contingencies is incorporated herein by reference.

Contractual Obligations

The following table summarizes our principal contractual obligations and sets forth the amounts of required or contingently required cash outlays in 2013 and future years (amounts in millions):

		Payments Due by Years			
Contractual Obligations	**Total**	**2013**	**2014-2015**	**2016-2017**	**Thereafter**
Short-term borrowings	$ 39.2	$ 39.2	$	$	$
Current portion of long-term debt exclusive of debt discounts and lender fees	1.8	1.8			
Long-term debt, exclusive of debt discounts and lender fees	4,589.4		633.8	814.4	3,141.2
Total debt(1)	4,630.4	41.0	633.8	814.4	3,141.2
Interest payments due on long-term debt(2)	2,233.7	290.8	539.5	481.5	921.9
Operating leases	229.8	68.9	85.8	39.5	35.6
Cash portion of the Settlement agreement and related accrued interest(3)	876.9	876.9			
First quarter 2013 quarterly cash dividend declared	25.3	25.3			
Other principal contractual obligations	313.8	172.8	102.9	26.1	12.0
Total contractual cash obligations	$ 8,309.9	$ 1,475.7	$ 1,362.0	$ 1,361.5	$ 4,110.7

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(1) These amounts include principal maturities (at face value) only. These amounts also include our contractual obligations under capital leases of $1.3 million in 2013, $1.8 million in 2014-2015 and $0.2 million in 2016-2017.

(2) Includes interest payments required under our senior notes issuances and Amended Credit Facility only. The interest payments included above for our Term Loan A and B were calculated using the following assumptions:

- interest rates based on stated rates based on LIBOR as of December 31, 2012;
- all non-U.S. dollar balances are converted using exchange rates as of December 31, 2012; and
- assumes obligations are repaid when due.

(3) This liability is reflected as a current liability due to the uncertainty of the timing of payment. Interest accrues on this amount at a rate of 5.5% per annum, compounded annually, until it becomes due and payable.

Current Portion of Long-Term Debt and Long-Term Debt Represents the principal amount of the debt required to be repaid in each period.

Operating Leases The contractual operating lease obligations listed in the table above represent estimated future minimum annual rental commitments primarily under non-cancelable real and personal property leases as of December 31, 2012.

Cash Portion of the Settlement Agreement The Settlement agreement is described more fully in Settlement Agreement and Related Costs, of Note 18, Commitments and Contingencies.

Other Principal Contractual Obligations Other principal contractual obligations include agreements to purchase an estimated amount of goods, including raw materials, or services, including energy, in the normal course of business. These obligations are enforceable and legally binding and specify all significant terms, including fixed or minimum quantities to be purchased, minimum or variable price provisions and the approximate timing of the purchase. The amounts included in the table above represent the minimum amounts we are obligated to pay under these agreements. We may purchase additional goods or services above the minimum requirements of these obligations and, as a result use additional cash.

Liability for Unrecognized Tax Benefits

At December 31, 2012, we had liabilities for unrecognized tax benefits and related interest and penalties of $257 million, most of which is included in other liabilities and the remaining balance as a reduction to current deferred tax assets on the consolidated balance sheet. At December 31, 2012, we cannot reasonably estimate the future period or periods of cash settlement of these liabilities. See Note 17, Income Taxes, for further discussion.

Off-Balance Sheet Arrangements

We have reviewed our off-balance sheet arrangements and have determined that none of those arrangements has a material current effect or is reasonably likely to have a material future effect on our consolidated financial statements, liquidity, capital expenditures or capital resources.

Income Tax Payments

We currently expect to pay between $95 million and $115 million in income taxes in 2013.

Contributions to Defined Benefit Pension Plans

We maintain defined benefit pension plans for some of our U.S. and our non-U.S. employees. We currently expect our contributions to these plans be approximately $30 million in 2013.

Environmental Matters

We are subject to loss contingencies resulting from environmental laws and regulations, and we accrue for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals do not take into account any discounting for the time value of money and are not reduced by potential insurance recoveries, if any. We do not believe that it is reasonably possible that the liability in excess of the amounts that we have accrued for environmental matters will be material to our consolidated statements of operations, balance sheets or cash flows. We reassess environmental liabilities whenever circumstances become better defined or we can better estimate remediation efforts and their costs. We evaluate these liabilities periodically based on available information, including the progress of remedial investigations at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) or new sites are assessed and costs can be reasonably estimated, we adjust the recorded accruals, as necessary. We believe that these exposures are not material to our consolidated financial condition and results of operations. We believe that we have adequately reserved for all probable and estimable environmental exposures.

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 Amended 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.

See Note 12, Debt and Credit Facilities, for further details.

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 679.6	$ 703.6

See Analysis of Historical Cash Flows below.

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Lines of Credit

Effective November 14, 2012, we amended the Revolving Credit Facility. The Amended Revolving Credit Facility may be used for working capital needs and general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement. We used our Amended Revolving Credit Facility in connection with the sale of Diversey Japan and the refinancing of Term Loan A in 2012. Interest paid for 2011 and 2012 under the original revolving credit facility and the Amended Revolving Credit Facility was insignificant. There were no amounts outstanding under the original revolving credit facility at December 31, 2011 and the Amended Revolving Credit Facility at December 31, 2012. See Note 12, Debt and Credit Facilities, for further details.

Accounts Receivable Securitization Program

At December 31, 2012, we had $112 million available to us under the program. We did not utilize this program in 2012 and 2011. See Note 9, Accounts Receivable Securitization Program, for information concerning this program.

Covenants

At December 31, 2012 and 2011, we were in compliance with our financial covenants and limitations, as discussed in Covenants of Note 12, Debt and Credit Facilities.

Debt Ratings

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

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

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

Outstanding Indebtedness

At December 31, 2012 and 2011, our total debt outstanding consisted of the amounts set forth in the following table.

	December 31,	
	2012	**2011**
Short-term borrowings	$ 39.2	$ 34.5
Current portion of long-term debt	1.8	1.9
Total current debt	41.0	36.4
Total long-term debt, less current portion	4,540.8	4,966.7
Total debt	$ 4,581.8	$ 5,003.1

See Note 12, Debt and Credit Facilities, for further details.

Analysis of Historical Cash Flow

The following table shows the changes in our consolidated cash flows from continuing operations in the three years ended December 31, 2012.

	2012	2011	2010
Net cash provided by operating activities	$ 404.4	$ 372.2	$ 483.1
Net cash used in investing activities	(116.5)	(2,370.0)	(96.9)
Net cash (used in) provided by financing activities	(585.1)	2,016.4	(373.0)

Net Cash Provided by Operating Activities

2012

Net cash provided by continuing operating activities in 2012 was primarily attributable to net earnings adjusted to reconcile to net cash provided by operating activities of $419 million, which primarily included adjustments for depreciation and amortization, impairment of goodwill and other intangible assets, and share-based incentive compensation expenses. Net cash provided by changes in operating assets and liabilities resulted in a net cash use of $14 million in 2012.

2011

Net cash provided by continuing operating activities in 2011 was primarily attributable to net earnings adjusted to reconcile to net cash provided by operating activities of $387 million, which primarily included adjustments for depreciation and amortization, costs related to the acquisition of Diversey and share-based incentive compensation expenses. Net cash provided by changes in operating assets and liabilities resulted in a net spending of cash of $14 million in 2011.

Net Cash Used in Investing Activities

2012

In 2012, we used net cash of $117 million in investing activities, which was primarily due to capital expenditures of $124 million.

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2011

In 2011, we used net cash of $2.4 billion in investing activities due to capital expenditures of $123 million and the acquisition of Diversey for $2.2 billion. See Note 4, Acquisition of Diversey Holdings, Inc. for further information.

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 and net sales growth. We expect total capital expenditures in 2013 to be approximately $160 million, which include capital expenditures of $10 million associated with the 2011-2014 Integration and Optimization Program. This projection is based upon our capital expenditure budget for 2013, 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

2012

Net cash used in financing activities was primarily due to the following:

- repurchase of $400 million on 5.625% Senior Notes due July 2013 for $421 million;
- prepayment of $185 million on Term Loan A;
- prepayment of $1.1 billion on Term Loan B; and
- payment of $101 million of quarterly dividends,

partially offset by:

- issuance of $425 million of 6.50% Senior Notes due December 2020.
- refinancing of $80 million of Term Loan A; and
- refinancing of $801 million on Term Loan B.

2011

Net cash provided by financing activities was primarily due to the following:

- net proceeds of $1.1 billion from Term Loan B;
- net proceeds of $946 million from Term Loan A;

issuance of $750 million of 8.125% Senior Notes due September 2019;

issuance of $750 million of 8.375% Senior Notes due September 2021; and

changes in restricted cash of $263 million, which was used in connection with the acquisition of Diversey Holdings, Inc.

partially offset by:

the repayment of existing indebtedness of Diversey of $1.6 billion, in connection with the acquisition of Diversey;

the payment of our required 2011 and prepayment of our required 2012 Term Loan A Facility and Term Loan B Facility amortization payments totaling $97 million;

the payment of quarterly dividends of $87 million;

net payments of short-term borrowings of $7 million;

payments of debt issuance costs of $51 million in connection with the financing of the acquisition of Diversey; and

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

Changes in Working Capital

	December 31, 2012	**December 31, 2011**	**Increase**
Working capital (current assets less current liabilities)	$ 888.8	$ 844.0	$ 44.8
Current ratio (current assets divided by current liabilities)	1.4x	1.3x	
Quick ratio (current assets, less inventories divided by current liabilities)	1.1x	1.0x	

The $45 million increase, or 5%, in working capital in the year ended December 31, 2012 was primarily due to the following factors:

net cash provided by operating activities of $404 million; and

net cash received from discontinued operations of $262 million, including the proceeds from the sale of Diversey Japan.

partially offset by:

the payment of quarterly dividends of $101 million; and

the payments of long-term debt net of proceeds of $453 million.

Changes in Stockholders Equity

The $1.5 billion, or 51%, decrease in stockholders equity in 2012 compared with 2011 was primarily due to the decrease in retained earnings of $1.5 billion, which reflects our net loss, including the impairment charge related to goodwill and other intangible assets of $1.6 billion, net of taxes. See Note 8, Goodwill and Identifiable Intangible Assets, for further details.

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Derivative Financial Instruments

Interest Rate Swaps

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 12, Derivatives and Hedging Activities, under the caption Interest Rate Swaps is incorporated herein by reference.

Foreign Currency Forward Contracts

At December 31, 2012, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 12, Derivatives and Hedging Activities, under the caption Foreign Currency Forward Contracts is incorporated herein by reference.

For further discussion about these contracts and other financial instruments, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

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

We are subject to numerous recently issued statements of financial accounting standards, accounting guidance and disclosure requirements. Note 2, Summary of Significant Accounting Policies and Recently Issued Accounting Standards, which is contained in Part II, Item 8 of this Annual Report on Form 10-K, describes these new accounting standards and is incorporated herein by reference.

Critical Accounting Policies and Estimates

Our discussion and analysis of our consolidated financial condition and results of operations are based upon our consolidated financial statements, which are prepared in accordance with U.S. GAAP. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities.

Our estimates and assumptions are evaluated on an ongoing basis and are based on all available evidence, including historical experience and other factors believed to be reasonable under the circumstances. To derive these estimates and assumptions, management draws from those available sources that can best contribute to its efforts. These sources include our officers and other employees, outside consultants and legal counsel, experts and actuaries. In addition, we use internally generated reports and statistics, such as aging of accounts receivable, as well as outside sources such as government statistics, industry reports and third-party research studies. The results of these estimates and assumptions may form the basis of the carrying value of assets and liabilities and may not be readily apparent from other sources. Actual results may differ from estimates under conditions and circumstances different from those assumed, and any such differences may be material to our consolidated financial statements.

We believe the following accounting policies are critical to understanding our consolidated results of operations and affect the more significant judgments and estimates used in the preparation of our consolidated financial statements. The critical accounting policies discussed below should be read together with our significant accounting policies set forth in Note 2, Summary of Significant Accounting Policies and Recently Issued Accounting Standards.

Accounts Receivable and Allowance for Doubtful Accounts

In the normal course of business, we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an accounts receivable allowance 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. The allowance for doubtful accounts is reviewed quarterly, and changes to the allowance are made through the provision for bad debts, which is included in marketing, administrative and development expenses on our consolidated statements of operations. These changes may reflect changes in economic, business and market conditions. The allowance is increased by the provision for bad debts and decreased by the amount of charge-offs, net of recoveries.

The provision for bad debts charged against operating results is based on several factors including, but not limited to, a regular assessment of the collectability of specific customer balances, the length of time a receivable is past due and our historical experience with our customers. In circumstances where a specific customer s inability to meet its financial obligations is known, we record a specific provision for bad debt against amounts due thereby reducing the receivable to the amount we reasonably assess will be collected. If circumstances change, such as higher than expected defaults or an unexpected material adverse change in a major customer s ability to pay, our estimates of recoverability could be reduced by a material amount.

Fair Value Measurements of Financial Instruments

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

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Our fair value measurements for our financial instruments are subjective and involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect our estimates. See Note 14, Fair Value Measurements and Other Financial Instruments, for further details on our fair value measurements.

Commitments and Contingencies Litigation

On an ongoing basis, we assess the potential liabilities and costs related to any lawsuits or claims brought against us. We accrue a liability when we believe a loss is probable and when the amount of loss can be reasonably estimated. Litigation proceedings are evaluated on a case-by-case basis considering the available information, including that received from internal and outside legal counsel, to assess potential outcomes. While it is typically very difficult to determine the timing and ultimate outcome of these actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of these matters and whether a reasonable estimation of the probable loss, if any, can be made. In assessing probable losses, we consider insurance recoveries, if any. We

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expense legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred. We have in the past adjusted existing accruals as proceedings have continued, been settled or otherwise provided further information on which we could review the likelihood of outflows of resources and their measurability, and we expect to do so in future periods. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that disputed matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.

Impairment of Long-Lived Assets

For finite-lived intangible assets, such as customer relationships, contracts and intellectual property, and for other long-lived assets, such as property, plant and equipment, whenever impairment indicators are present, we perform a review for impairment. We calculate the undiscounted value of the projected cash flows associated with the asset, or asset group, and compare this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over the fair value. In addition, in all cases of an impairment review, we re-evaluate the remaining useful lives of the assets and modify them as appropriate.

For indefinite lived intangible assets, such as in-process research and development and trademarks and trade names, each year and whenever impairment indicators are present, we determine the fair value of the asset and record an impairment loss for the excess of book value over fair value, if any. In addition, in all cases of an impairment review other than for in-process research and development assets, we re-evaluate whether continuing to characterize the asset as indefinite lived is appropriate.

Goodwill

Goodwill is reviewed for possible impairment at least annually on a reporting unit level during the fourth quarter of each year. A review of goodwill may be initiated before or after conducting the annual analysis if events or changes in circumstances indicate the carrying value of goodwill may no longer be recoverable.

A reporting unit is the operating segment unless, at businesses one level below that operating segment the component level discrete financial information is prepared and regularly reviewed by management, and the component has economic characteristics that are different from the economic characteristics of the other components of the operating segment, in which case the component is the reporting unit.

We use a fair value approach to test goodwill for impairment. We must recognize a non-cash impairment charge for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. We derive an estimate of fair values for each of our reporting units using a combination of an income approach and appropriate market approaches, each based on an applicable weighting. We assess the applicable weighting based on such factors as current market conditions and the quality and reliability of the data. Absent an indication of fair value from a potential buyer or similar specific transactions, we believe that the use of these methods provides a reasonable estimate of a reporting unit s fair value.

Fair value computed by these methods is arrived at using a number of factors, including projected future operating results, anticipated future cash flows, effective income tax rates, comparable marketplace data within a consistent industry grouping, and the cost of capital. There are inherent uncertainties, however, related to these factors and to our judgment in applying them to this analysis. Nonetheless, we believe that the combination of these methods provides a reasonable approach to estimate the fair value of our reporting units. Assumptions for sales, net earnings and cash flows for each reporting unit were consistent among these methods.

Income Approach Used to Determine Fair Values

The income approach is based upon the present value of expected cash flows. Expected cash flows are converted to present value using factors that consider the timing and risk of the future cash flows. The estimate of cash flows used is prepared on an unleveraged debt-free basis. We use a discount rate that reflects a market-derived weighted average cost of capital. We believe that this approach is appropriate because it provides a fair value estimate based upon the reporting unit s expected long-term operating and cash flow performance. The projections are based upon our best estimates of projected economic and market conditions over the related period including growth rates, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value long-term growth rates, provisions for income taxes, future capital expenditures and changes in future cashless, debt-free working capital.

Market Approaches Used to Determine Fair Values

Each year we consider various relevant market approaches that could be used to determine fair value.

The first market approach estimates the fair value of the reporting unit by applying multiples of operating performance measures to the reporting unit s operating performance. These multiples are derived from comparable publicly-traded companies with similar investment characteristics to the reporting unit, and such comparables are reviewed and updated as needed annually. We believe that this approach is appropriate because it provides a fair value estimate using multiples from entities with operations and economic characteristics comparable to our reporting units and the Company. The second market approach is based on the publicly traded common stock of the Company, and the estimate of fair value of the reporting unit is based on the applicable multiples of the Company. The third market approach is based on recent mergers and acquisitions of comparable publicly-traded and privately-held companies in the our industries.

The key estimates and assumptions that are used to determine fair value under these market approaches include trailing and future 12-month operating performance results and the selection of the relevant multiples to be applied. Under the first and second market approaches, a control premium, or an amount that a buyer is usually willing to pay over the current market price of a publicly traded company, is applied to the calculated equity values to adjust the public trading value upward for a 100% ownership interest, where applicable.

See Note 8, Goodwill and Identifiable Intangible Assets, for details of our goodwill balance and the goodwill review performed in 2012 and other related information.

Pensions

For a number of our U.S. employees and our international employees, we maintain defined benefit pension plans. Under current accounting standards, we are required to make assumptions regarding the valuation of projected benefit obligations and the performance of plan assets for our defined benefit pension plans.

The projected benefit obligation and the net periodic benefit cost are based on third-party actuarial assumptions and estimates that are reviewed and approved by management on a plan-by-plan basis each fiscal year. The principal assumptions concern the discount rate used to measure the projected benefit obligation, the expected future rate of return on plan assets and the expected rate of future compensation increases. We revise these assumptions based on an annual evaluation of long-term trends and market conditions that may have an impact on the cost of providing retirement benefits.

In determining the discount rate, we utilize market conditions and other data sources management considers reasonable based upon the profile of the remaining service life of eligible employees. The expected long-term rate of return on plan assets is determined by taking into consideration the weighted-average expected return on our asset allocation, asset return data, historical return data, and the economic environment. We believe these considerations provide the basis for reasonable assumptions of the expected long-term rate of return on plan assets. The rate of compensation increase is based on our long-term plans for such increases. The measurement date used to determine the benefit obligation and plan assets is December 31.

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At December 31, 2012, the total projected benefit obligation for our U.S. pension plans was $210 million, and the total net periodic benefit cost for the year ended December 31, 2012 was $1 million. At December 31, 2012, the total projected benefit obligation for our international pension plans was $1.0 billion, and the total net periodic benefit cost for the year ended December 31, 2012 was $16 million.

In general, material changes to the principal assumptions could have a material impact on the costs and liabilities recognized on our consolidated financial statements. A 25 basis point change in the assumed discount rate and a 100 basis point change in the expected long-term rate of return on plan assets would have resulted in the following increases (decreases) in the projected benefit obligation at December 31, 2012 and the expected net periodic benefit cost for the year ended December 31, 2013 (in millions).

United States	25 Basis Point Increase	25 Basis Point Decrease
Discount Rate		
Effect on 2012 projected benefit obligation	$ (5.4)	$ 5.6
Effect on 2013 expected net periodic benefit cost		

	100 Basis Point Increase	100 Basis Point Decrease
Return on Assets		
Effect on 2013 expected net periodic benefit cost	$ (1.7)	$ 1.7

International	25 Basis Point Increase	25 Basis Point Decrease
Discount Rate		
Effect on 2012 projected benefit obligation	$ (42.6)	$ 45.4
Effect on 2013 expected net periodic benefit cost	(1.9)	3.3

	100 Basis Point Increase	100 Basis Point Decrease
Return on Assets		
Effect on 2013 expected net periodic benefit cost	$ (8.1)	$ 8.1

Income Taxes

Estimates and judgments are required in the calculation of tax liabilities and in the determination of the recoverability of our deferred tax assets. Our deferred tax assets arise from net deductible temporary differences, tax benefit carry forwards and foreign tax credits. We evaluate whether our taxable earnings during the periods when the temporary differences giving rise to deferred tax assets become deductible or when tax benefit carry forwards may be utilized should be sufficient to realize the related future income tax benefits. For those jurisdictions where the expiration dates of tax benefit carry forwards or the projected taxable earnings indicate that realization is not likely, we provide a valuation allowance.

In assessing the need for a valuation allowance, we estimate future taxable earnings, with consideration for the feasibility of ongoing planning strategies and the realizability of tax benefit carry forwards and past operating results, to determine which deferred tax assets are more likely than not to be realized in the future. Changes to tax laws, statutory tax rates and future taxable earnings can have an impact on valuation allowances related to deferred tax assets. In the event that actual results differ from these estimates in future periods, we may need to adjust the valuation allowance, which could have a material impact on our consolidated financial statements.

In calculating our worldwide provision for income taxes, we also evaluate our tax positions for years where the statutes of limitations have not expired. Based on this review, we may establish reserves for additional taxes and interest that could be assessed upon examination by relevant tax authorities. We adjust these reserves to take into account changing facts and circumstances, including the results of tax audits and changes in tax law. If the payment of additional taxes and interest ultimately proves unnecessary or less than the amount of the reserve, the reversal of the reserves would result in tax benefits being recognized in the period when we determine the reserves are no longer necessary. If an estimate of tax reserves proves to be less than the ultimate assessment, a further charge to income tax provision would result. These adjustments to reserves and related expenses could materially affect our consolidated financial statements.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. See Note 17, Income Taxes, for further discussion.

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Summarized Quarterly Financial Information (Unaudited, in millions, except share data)[(1)(2)]

2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 1,845.4	$ 1,924.6	$ 1,900.3	$ 1,977.8
Gross profit	621.1	628.3	643.6	651.3
Net earnings (loss) from continuing operations	(8.4)	(20.7)	(1,238.3)	(342.7)
Net earnings from discontinued operations	2.4	7.0	5.9	184.5
Net (loss) earnings available to common stockholders	(6.0)	(13.7)	(1,232.4)	(158.2)
Basic net earnings (loss) per common share				
Continuing operations	$ (0.04)	$ (0.11)	$ (6.41)	$ (1.78)
Discontinued operations	0.01	0.04	0.03	0.95
Net earnings (loss) per common share basic	$ (0.03)	$ (0.07)	$ (6.38)	$ (0.83)
Diluted net earnings per common share				
Continuing operations	$ (0.04)	$ (0.11)	$ (6.41)	$ (1.78)
Discontinued operations	0.01	0.04	0.03	0.95
Net earnings (loss) per common share diluted	$ (0.03)	$ (0.07)	$ (6.38)	$ (0.83)

2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 1,128.5	$ 1,212.6	$ 1,247.1	$ 1,962.8
Gross profit	309.0	324.3	335.7	631.4
Net earnings (loss) from continuing operations	59.7	65.0	73.7	(59.8)
Net earnings from discontinued operations				10.6
Net earnings (loss) available to common stockholders	59.7	65.0	73.7	(49.2)
Basic net earnings (loss) per common share				
Continuing operations	$ 0.37	$ 0.41	$ 0.46	$ (0.31)
Discontinued operations				0.06
Net earnings (loss) per common share basic	$ 0.37	$ 0.41	$ 0.46	$ (0.25)
Diluted net earnings (loss) per common share				
Continuing operations	$ 0.34	$ 0.37	$ 0.41	$ (0.31)
Discontinued operations				0.06
Net earnings (loss) per common share diluted	$ 0.34	$ 0.37	$ 0.41	$ (0.25)

(1) Includes the financial results of Diversey for the periods beginning October 3, 2011. See Note 4, Acquisition of Diversey Holdings, Inc., for further information about the acquisition and related transactions and the acquisition accounting.

(2) On November 14, 2012, we completed the sale of Diversey Japan. Operating results for Diversey Japan were reclassified to discontinued operations for the periods beginning October 3, 2011. See Note 3, Divestiture, for further information about the sale.

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Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

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

Interest Rates

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

At December 31, 2012, we had no outstanding interest rate swaps, collars or options.

The information set forth in Item 8 of Part II of this Annual Report on Form 10-K in Note 13, Derivatives and Hedging Activities, under the caption Interest Rate Swaps is incorporated herein by reference.

See Note 14, Fair Value Measurements and Other Financial Instruments, for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical 10% increase in interest rates would result in a decrease of $110 million in the fair value of the total debt balance at December 31, 2012. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount or any related interest of such debt.

Foreign Exchange Rates

Operations

As a large global organization, we face exposure to changes in foreign currency exchange rates. These exposures may change over time as business practices evolve and could materially impact our consolidated financial condition and results of operations in the future. See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, above for the impacts foreign currency translation had on our operations.

Venezuela

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

Effective January 1, 2010, Venezuela was designated a highly inflationary economy under U.S. GAAP, and the U.S. dollar replaced the bolivar fuerte as the functional currency for our subsidiaries in Venezuela. Accordingly, all bolivar-denominated monetary assets and liabilities were re-measured into U.S. dollars using the then current exchange rate available to us, and any changes in the exchange rate were reflected in foreign currency exchange gains and losses related to our Venezuelan subsidiaries on the consolidated statement of operations.

As a result of the changes in the exchange rates upon settlement of bolivar-denominated transactions and upon the remeasurement of our Venezuelan subsidiaries financial statements, we recognized nominal net losses for the year ended December 31, 2012 and 2011 and net gains of $6 million for the year ended December 31, 2010.

For the year ended December 31, 2012, less than 1% of our consolidated net sales and $5 million of operating profit were derived from our businesses in Venezuela. As of December 31, 2012, we had net assets of $70 million in Venezuela, which primarily consisted of cash and cash equivalents of $31 million. Also, as of December 31, 2012, our Venezuelan subsidiaries had a negative cumulative translation adjustment balance of $46 million.

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

We used the official exchange rate at December 31, 2012 of 4.3 bolivars to the U.S. dollar to re-measure the assets and liabilities of our Venezuelan subsidiaries for U.S GAAP financial statement presentation. On February 8, 2013, the Venezuelan government announced a devaluation of the bolivar to an exchange rate of 6.3 bolivars to the U.S. dollar, an approximate 32% devaluation, which we estimate may result in a pre-tax loss of approximately $10 million to $15 million in the first quarter of 2013. This pre-tax loss, which would be included in other income and expense on our consolidated statements of operations is mainly due to the remeasurement of the cash balances held in bolivars. Continuing restrictions on the foreign currency exchange market could affect our Venezuelan operations ability to pay obligations denominated in U.S. dollars as well as our ability to benefit from those operations.

Foreign Currency Forward Contracts

We use foreign currency forward contracts to fix the amounts payable or receivable on some transactions denominated in foreign currencies. A hypothetical 10% adverse change in foreign exchange rates at December 31, 2012 would have caused us to pay approximately $87 million to terminate these contracts. Based on our overall foreign exchange exposure, we estimate this change would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Our foreign currency forward contracts are described in Note 13, Derivatives and Hedging Activities, which is contained in Part II, Item 8, 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 II, Item 7 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

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

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $429 million at December 31, 2012 and $633 million at December 31, 2011.

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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 $14 million in 2012, $9 million in 2011 and $7 million in 2010. The allowance for doubtful accounts was $26 million at December 31, 2012 and $16 million at December 31, 2011.

Pensions

Recent market conditions have resulted in an unusually high degree of volatility and increased risks and short-term liquidity concerns associated with some of the plan assets held by our defined benefit pension plans, which have impacted the performance of some of the plan assets. Based upon the annual valuation of our defined benefit pension plans at December 31, 2012, we expect our net periodic benefit costs to be approximately $18 million in 2013. See Note 15, Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans, for further details on our defined benefit pension plans.

Commodities

We use various commodity raw materials such as plastic resins and other chemicals and energy products such as electric power and natural gas in conjunction with our manufacturing processes. Generally, we acquire these components at market prices in the region in which they will be used and do not use financial instruments to hedge commodity prices. Moreover, we seek to maintain appropriate levels of commodity raw material inventories thus minimizing the expense and risks of carrying excess inventories. We do not typically purchase substantial quantities in advance of production requirements. As a result, we are exposed to market risks related to changes in commodity prices of these components.

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Item 8. ***Financial Statements and Supplementary Data***

The following consolidated financial statements and notes are filed as part of this report.

Sealed Air Corporation

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Sealed Air Corporation:

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders equity, cash flows and comprehensive (loss) income for each of the years in the three-year period ended December 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II valuation and qualifying accounts and reserves. We also have audited Sealed Air Corporation s internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sealed Air Corporation s management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on the Company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sealed Air Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Sealed Air Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Short Hills, New Jersey

March 1, 2013

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2012	December 31, 2011
	(In millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 679.6	$ 703.6
Receivables, net of allowance for doubtful accounts of $25.9 in 2012 and $16.2 in 2011	1,326.0	1,314.2
Inventories	736.4	777.5
Deferred tax assets	393.0	156.2
Assets held for sale		279.0
Prepaid expenses and other current assets	87.4	119.7
Total current assets	3,222.4	3,350.2
Property and equipment, net	1,212.8	1,269.2
Goodwill	3,191.4	4,209.6
Intangible assets, net	1,139.7	2,035.7
Non-current deferred tax assets	255.8	112.3
Other assets, net	415.1	455.0
Total assets	$ 9,437.2	$ 11,432.0
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings	$ 39.2	$ 34.5
Current portion of long-term debt	1.8	1.9
Accounts payable	483.8	554.9
Deferred tax liabilities	10.3	16.0
Settlement agreement and related accrued interest	876.9	831.2
Accrued restructuring costs	72.4	36.3
Liabilities held for sale		216.7
Other current liabilities	849.2	814.7
Total current liabilities	2,333.6	2,506.2
Long-term debt, less current portion	4,540.8	4,966.7
Non-current deferred tax liabilities	472.5	439.7
Other liabilities	646.0	567.0
Total liabilities	7,992.9	8,479.6
Commitments and contingencies		
Stockholders equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2012 and 2011		
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 204,660,621 in 2012 and 202,528,616 in 2011; shares outstanding; 194,557,669 in 2012 and 192,062,185 in 2011	20.6	20.3
Common stock reserved for issuance related to Settlement agreement, $0.10 par value per share, 18,000,000 shares in 2012 and 2011	1.8	1.8
Additional paid-in capital	1,684.9	1,689.6
Retained earnings	254.8	1,766.5
Common stock in treasury, 10,102,952 shares in 2012 and 10,466,431 shares in 2011	(353.4)	(375.6)
Accumulated other comprehensive loss, net of taxes:		

Unrecognized pension items	(142.3)	(43.2)
Cumulative translation adjustment	(24.1)	(104.0)
Unrealized gain on derivative instruments	1.5	2.1
Total accumulated other comprehensive loss, net of taxes	(164.9)	(145.1)
Total parent company stockholders equity	1,443.8	2,957.5
Noncontrolling interests	0.5	(5.1)
Total stockholders equity	1,444.3	2,952.4
Total liabilities and stockholders equity	$ 9,437.2	$ 11,432.0

See accompanying notes to consolidated financial statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

	Year Ended December 31,		
	2012	2011	2010
	(In millions, except per share amounts)		
Net sales	$ 7,648.1	$ 5,550.9	$ 4,490.1
Cost of sales	5,103.8	3,950.6	3,237.3
Gross profit	2,544.3	1,600.3	1,252.8
Marketing, administrative and development expenses	1,785.2	1,014.4	699.0
Amortization expense of intangible assets acquired	134.0	39.5	11.2
Impairment of goodwill and other intangible assets	1,892.3		
Costs related to the acquisition and integration of Diversey	7.4	64.8	
Restructuring and other charges	142.5	52.2	7.6
Operating (loss) profit	(1,417.1)	429.4	535.0
Interest expense	(384.7)	(216.6)	(161.6)
Loss on debt redemption	(36.9)		(38.5)
Impairment of equity method investment	(23.5)		
Foreign currency exchange (losses) gains related to Venezuelan subsidiaries	(0.4)	(0.3)	5.5
Net gains on sale (other-than-temporary impairment) of available-for-sale securities			5.9
Other expense, net	(9.4)	(14.5)	(2.9)
(Loss) earnings from continuing operations before income tax provision	(1,872.0)	198.0	343.4
Income tax (benefit) provision	(261.9)	59.5	87.5
Net (loss) earnings from continuing operations	(1,610.1)	138.5	255.9
Net earnings from discontinued operations	20.9	10.6	
Net gain on sale of discontinued operations	178.9		
Net (loss) earnings available to common stockholders	$ (1,410.3)	$ 149.1	$ 255.9
Net (loss) earnings per common share:			
Basic			
Continuing operations	$ (8.35)	$ 0.83	$ 1.61
Discontinued operations	1.04	0.06	
Net (loss) earnings per common share basic	$ (7.31)	$ 0.89	$ 1.61
Diluted			
Continuing operations	$ (8.35)	$ 0.75	$ 1.44
Discontinued operations	1.04	0.05	
Net (loss) earnings per common share diluted	$ (7.31)	$ 0.80	$ 1.44
Dividends per common share	$ 0.52	$ 0.52	$ 0.50
Weighted average number of common shares outstanding:			
Basic	192.8	167.0	158.3

Diluted	192.8	185.4	176.7

See accompanying notes to consolidated financial statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive (Loss) Income

	Year Ended December 31,		
	2012	2011	2010
		(In millions)	
Net (loss) earnings available to common stockholders	$ (1,410.3)	$ 149.1	$ 255.9
Other comprehensive (loss) income, net of taxes:			
Recognition of deferred pension items, net of taxes of $23.0 in 2012, $1.0 in 2011 and $(1.8) in 2010	(99.1)	4.7	22.5
Unrealized losses on derivative instruments, net of taxes of $0.7 in 2012, $0.7 in 2011 and $0.4 in 2010	(0.6)	(1.4)	(0.6)
Unrealized losses on available-for-sale securities, reclassified to net earnings, net of taxes of $(2.6) in 2010			(4.4)
Foreign currency translation adjustments	79.9	(38.1)	(15.1)
Comprehensive (loss) income, net of income taxes	$ (1,430.1)	$ 114.3	$ 258.3

See accompanying notes to consolidated financial statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders Equity

(In millions)

	Common Stock	Common Stock Reserved for Issuance Related to the Settlement Agreement	Additional Paid-in Capital	Retained Earnings	Common Stock in Treasury	Accumulated Other Comprehensive Loss, Net of Taxes	Total Parent Company Stockholders Equity	Non-Controlling Interests	Total Stockholders Equity
Balance at December 31, 2009	$ 16.9	$ 1.8	$ 1,127.1	$ 1,531.1	$ (364.6)	$ (112.7)	$ 2,199.6	$ 0.7	$ 2,200.3
Effect of contingent stock transactions, net of taxes	0.1		28.3		(1.2)		27.2		27.2
Stock issued for share- based incentive compensation			(5.2)		12.9		7.7		7.7
Purchases of common stock					(9.8)		(9.8)		(9.8)
Recognition of deferred pension items, net of taxes						22.5	22.5		22.5
Foreign currency translation, net of taxes						(15.1)	(15.1)		(15.1)
Unrecognized loss on derivative instruments, net of taxes						(0.6)	(0.6)		(0.6)
Unrecognized losses on available-for-sale securities, net of taxes						(4.4)	(4.4)		(4.4)
Noncontrolling interests			2.5				2.5	(3.7)	(1.2)
Net earnings				255.9			255.9		255.9
Dividends on common stock				(80.9)			(80.9)		(80.9)
Balance at December 31, 2010	$ 17.0	$ 1.8	$ 1,152.7	$ 1,706.1	$ (362.7)	$ (110.3)	$ 2,404.6	$ (3.0)	$ 2,401.6
Effect of contingent stock transactions, net of taxes	0.1		27.4		(12.9)		14.6		14.6
Stock issued for share- based incentive compensation			0.7				0.7		0.7
Shares issued in connection with Diversey acquisition	3.2		509.7				512.9		512.9
Recognition of deferred pension items, net of taxes						4.7	4.7		4.7
Foreign currency translation, net of taxes						(38.1)	(38.1)		(38.1)
Unrecognized loss on derivative instruments, net of taxes						(1.4)	(1.4)		(1.4)
Noncontrolling interests			(0.9)				(0.9)	(2.1)	(3.0)
Net earnings				149.1			149.1		149.1
Dividends on common stock				(88.7)			(88.7)		(88.7)
Balance at December 31, 2011	$ 20.3	$ 1.8	$ 1,689.6	$ 1,766.5	$ (375.6)	$ (145.1)	$ 2,957.5	$ (5.1)	$ 2,952.4
Effect of contingent stock transactions, net of taxes	0.2		16.9		(10.6)		6.5		6.5
Stock issued for share- based incentive compensation	0.1		(13.3)		32.8		19.6		19.6
Recognition of deferred pension items, net of taxes						(99.1)	(99.1)		(99.1)
Foreign currency translation, net of taxes						79.9	79.9		79.9
						(0.6)	(0.6)		(0.6)

Unrecognized loss on derivative instruments, net of taxes									
Noncontrolling interests			(8.3)				(8.3)	5.6	(2.7)
Net loss				(1,410.3)			(1,410.3)		(1,410.3)
Dividends on common stock				(101.4)			(101.4)		(101.4)
Balance at December 31, 2012	$ 20.6	$ 1.8	$ 1,684.9	$ 254.8	$ (353.4)	$ (164.9)	$ 1,443.8	$ 0.5	$ 1,444.3

See accompanying notes to consolidated financial statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31, 2012	2011 (In millions)	2010
Cash flows from operating activities from continuing operations:			
Net (loss) earnings available to common stockholders from continuing operations	$ (1,610.1)	$ 138.5	$ 255.9
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities from continuing operations:			
Impairment of goodwill and other intangible assets	1,892.3		
Impairment of equity method investment and related debt	23.5		
Depreciation and amortization	304.0	186.7	154.7
Share-based incentive compensation expense	16.9	25.0	30.6
Profit sharing expense	19.0	18.7	18.0
Costs related to the acquisition and integration of Diversey	7.4	64.8	
Amortization of senior debt related items and other	15.0	4.9	1.7
Loss on debt redemption	36.9		38.5
Provisions for bad debt	16.8	8.6	6.4
Provisions for inventory obsolescence	15.6	9.2	2.1
Deferred taxes, net	(318.4)	(60.9)	(3.3)
Excess tax benefit from share-based incentive compensation	(0.4)	(2.6)	
Net gain on disposals of property and equipment and other	0.3	(6.3)	(0.8)
Net gains on sale other-than-temporary impairment of available-for-sale securities			(5.9)
Changes in operating assets and liabilities, net of effects of businesses acquired:			
Changes in restricted cash		(6.3)	
Receivables, net	(27.2)	(103.0)	(33.9)
Inventories	32.4	(12.9)	(19.4)
Other assets, net	10.2	45.1	16.3
Accounts payable	(83.8)	(28.2)	19.0
Other liabilities	54.0	90.9	3.2
Net cash provided by operating activities from continuing operations	404.4	372.2	483.1
Cash flows from investing activities from continuing operations:			
Capital expenditures for property and equipment	(124.4)	(123.5)	(87.6)
Acquisition of Diversey, net of cash and cash equivalents acquired		(1,983.7)	
Investment in Diversey preferred stock		(262.9)	
Other businesses acquired in purchase transactions, net of cash and cash equivalents acquired and equity investment	(2.6)	(12.0)	(24.1)
Proceeds from sale of available-for-sale securities			12.6
Proceeds from sales of property and equipment	7.8	10.4	4.2
Other investing activities	2.7	1.7	(2.0)
Net cash used in investing activities from continuing operations	(116.5)	(2,370.0)	(96.9)
Cash flows from financing activities from continuing operations:			
Changes in restricted cash		262.9	
Payments of long-term debt	(1,759.1)	(1,753.6)	(276.1)
Proceeds from long-term debt, net	1,306.5	3,662.2	
Dividends paid on common stock	(100.9)	(87.4)	(79.7)
Acquisition of common stock for tax withholding obligations under our 2005 contingent stock plan	(9.6)	(12.2)	
Net proceeds from (payments of) short-term borrowings	7.2	(7.0)	(4.4)

Payments of debt issuance costs	(29.6)	(51.1)	
Repurchases of common stock			(9.8)
Excess tax benefit from share-based incentive compensation	0.4	2.6	
Other financing activities			(3.0)
Net cash (used in) provided by financing activities from continuing operations	(585.1)	2,016.4	(373.0)
Effect of foreign currency exchange rate changes on cash and cash equivalents	11.1	2.0	(32.1)
Net change in cash and cash equivalents from continuing operations	(286.1)	20.6	(18.9)
Net cash (used in) provided by operating activities from discontinued operations	(7.4)	7.2	
Net cash provided by (used in) investing activities from discontinued operations	313.7	(7.1)	
Net cash (used in) provided by financing activities from discontinued operations	(44.2)	7.3	
Net change in cash and cash equivalents from discontinued operations	262.1	7.4	
Cash and cash equivalents:			
Balance, beginning of period	$ 703.6	$ 675.6	$ 694.5
Net change during the period	(24.0)	28.0	(18.9)
Balance, end of period	$ 679.6	$ 703.6	$ 675.6
Supplemental Cash Flow Information:			
Interest payments, net of amounts capitalized	$ 323.0	$ 134.8	$ 128.7
Income tax payments	$ 109.7	$ 106.9	$ 86.6
Non-cash items:			
Non-cash items associated with the acquisition of Diversey:			
31.7 million shares of Sealed Air common stock issued in connection with the Diversey acquisition	$	$ 512.9	$
Fair value of Diversey preferred stock investment	$	$ 262.9	$
Fair-value-based measure of the portion of the SARs attributed to pre-acquisition service	$	$ 50.8	$
Other non-cash items:			
Transfers of shares of our common stock from Treasury as part of our 2011 and 2009 profit-sharing plan contributions	$ 18.7	$	$ 7.2
Net unrealized (losses) gains on available-for-sale securities	$	$	$ (7.0)

See accompanying notes to consolidated financial statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 Organization and Nature of Operations

We are a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, health care and industrial, commercial and consumer applications. We have widely recognized and inventive brands such as Bubble Wrap® brand cushioning, Cryovac® brand food packaging solutions and Diversey® brand cleaning and hygiene solutions.

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

During the fourth quarter of 2012, we began to operate under a new business divisions for our segment reporting structure. The new segment reporting structure consists of three global business divisions: Food & Beverage, Institutional & Laundry and Protective Packaging, and an Other category. See Note 5, Segments, for further details of our segment structure. We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc.

Note 2 Summary of Significant Accounting Policies and Recently Issued Accounting Standards

Summary of Significant Accounting Policies

Basis of Presentation

Our 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. All amounts are in millions, except per share amounts, and approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, had no impact on our consolidated financial condition, results of operations and cash flows.

The consolidated financial statements and information included in this Annual Report on Form 10-K (Form 10-K) include the financial results of Diversey for the periods beginning October 3, 2011. The financial results included in this Form 10-K related to the acquisition method accounting for the Diversey transaction have been finalized. See Note 4, Acquisition of Diversey Holdings, Inc., for further information about the acquisition and related transactions and the acquisition accounting.

During the fourth quarter of 2012, we began to operate under three new business divisions for our segment reporting structure. This new structure replaced our legacy seven business unit structure. Our new segment reporting structure, which we also refer to as divisions , reflects the way management now makes operating decisions and manages the growth and profitability of the business. It also corresponds with management s current approach of allocating resources and assessing the performance of our segments. We report our segment in accordance with the provision of Financial Accounting Standards Board Accounting Standards Codification Topic 280, Segment Reporting.

The changes to our segment structure have no effect on the historical consolidated results of operations of the Company. Prior period segment results have been revised to the new segment presentation. The results below include the results of Diversey beginning of October 3, 2011 (date of acquisition). All results prior to October 3, 2011 include historical Sealed Air results only.

On November 14, 2012, we completed the sale of Diversey G.K. (Diversey Japan) (an indirect subsidiary of Diversey, Inc.). The operating results for Diversey Japan were reclassified to discontinued operations, net of tax, on the consolidated statements of operations for the years ended December 31, 2011 and 2012, and the assets and liabilities of the Diversey Japan operations were reclassified to assets and liabilities held for sale as of December 31, 2011. Prior year disclosures in the Consolidated Statement of Cash Flows and the Notes to Consolidated Financial Statements have been revised accordingly. See Note 3, Divestiture, for further information about the sale.

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

Use of Estimates

The preparation of our consolidated financial statements and related disclosures in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including amounts recorded in connection with the acquisition of Diversey, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include, among other items, assessing the collectability of receivables, the use and recoverability of inventory, the estimation of fair value of financial instruments, assumptions used in the calculation of income taxes, useful lives and recoverability of tangible and goodwill and other intangible assets, assumptions used in our defined benefit pension plans, estimates related to self-insurance such as the aggregate liability for uninsured claims using historical experience, insurance and actuarial estimates and estimated trends in claim values, costs for incentive compensation and accruals for commitments and contingencies. We review these estimates and assumptions periodically using historical experience and other factors and reflect the effects of any revisions in the consolidated financial statements in the period we determine any revisions to be necessary. Actual results could differ from these estimates.

Financial Instruments

We may use financial instruments, such as cross currency swaps, interest rate swaps, caps and collars, U.S. Treasury lock agreements and foreign currency exchange forward contracts and options relating to our borrowing and trade activities. We may use these financial instruments from time to time to manage our exposure to fluctuations in interest rates and foreign currency exchange rates. We do not purchase, hold or sell derivative financial instruments for trading purposes. We face credit risk if the counterparties to these transactions are unable to perform their obligations. Our policy is to have counterparties to these contracts that are rated at least A- by Standard & Poor s and A3 by Moody s.

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We report derivative instruments at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes. Before entering into any derivative transaction, we identify our specific financial risk, the appropriate hedging instrument to use to reduce this risk, and the correlation between the financial risk and the hedging instrument. We use purchase orders and historical data as the basis for determining the anticipated values of the transactions to be hedged. We do not enter into derivative transactions that do not have a high correlation with the underlying financial risk we are trying to reduce. We regularly review our hedge positions and the correlation between the transaction risks and the hedging instruments.

We account for derivative instruments as hedges of the related underlying risks if we designate these derivative instruments as hedges and the derivative instruments are effective as hedges of recognized assets or liabilities, forecasted transactions, unrecognized firm commitments or forecasted intercompany transactions.

We record gains and losses on derivatives qualifying as cash flow hedges in other comprehensive income, to the extent that hedges are effective and until the underlying transactions are recognized in the consolidated statements of operations, at which time we recognize the gains and losses in the consolidated statements of operations. We recognize gains and losses on qualifying fair value hedges and the related loss or gain on the hedged item attributable to the hedged risk in the consolidated statements of operations.

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. Any deferred gains or losses associated with derivative instruments are recognized on the consolidated statements of operations over the period in which the income or expense on the underlying hedged transaction is recognized.

See Note 13, Derivatives and Hedging Activities, for further details.

Fair Value Measurements of Financial Instruments

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

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Our fair value measurements for our financial instruments are subjective and involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect our estimates. See Note 14, Fair Value Measurements and Other Financial Instruments, for further details on our fair value measurements.

Foreign Currency Translation

In non-U.S. locations that are not considered highly inflationary, we translate the balance sheets at the end of period exchange rates with translation adjustments accumulated in stockholders equity on our consolidated balance sheets. We translate the statements of operations at the average exchange rates during the applicable period.

We translate assets and liabilities of our operations in countries with highly inflationary economies at the end of period exchange rates, except that nonmonetary asset and liability amounts are translated at historical exchange rates. In countries with highly inflationary economies, we translate items reflected in the statements of operations at average rates of exchange prevailing during the period, except that nonmonetary amounts are translated at historical exchange rates.

Commitments and Contingencies Litigation

On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of these actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of these matters and whether a reasonable estimation of the probable loss, if any, can be made. In assessing probable losses, we make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that disputed matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made. We expense legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred.

Revenue Recognition

Our revenue earning activities primarily involve manufacturing and selling products, and we consider revenues to be earned when we have completed the process by which we are entitled to receive consideration. The following criteria are used for revenue recognition: persuasive evidence that an arrangement exists, shipment has occurred, selling price is fixed or determinable, and collection is reasonably assured.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales on the consolidated statements of operations.

Charges for rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the associated revenue is recorded. When we estimate our rebate accruals, we consider customer-specific contractual commitments including stated rebate rates and history of actual rebates paid. Our rebate accruals are reviewed at each reporting period and adjusted to reflect data available at that time. We adjust the accruals to reflect any differences between estimated and actual amounts. These adjustments impact the amount of net sales recognized by us in the period of adjustment. Charges for rebates and other allowances were approximately 12% of gross sales in 2012, 7% of gross sales in 2011 and less than 5% of gross sales in 2010.

Research and Development

We expense research and development costs as incurred. Research and development costs were $135 million in 2012, $105 million in 2011 and $88 million in 2010.

Share-Based Incentive Compensation

Our primary share-based employee incentive compensation program is the 2005 Contingent Stock Plan. See Note 19, Stockholders Equity, for further information on this plan.

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We record share-based compensation awards exchanged for employee services at fair value on the date of grant and record the expense for these awards in marketing, administrative and development expense on our consolidated statement of operations over the requisite employee service period. Share-based incentive compensation expense includes an estimate for forfeitures and anticipated achievement levels and is generally recognized over the expected term of the award on a straight-line basis.

Environmental Expenditures

We expense or capitalize environmental expenditures that relate to ongoing business activities, as appropriate. We expense costs that relate to an existing condition caused by past operations and which do not contribute to current or future net sales. We record liabilities when we determine that environmental assessments or remediation expenditures are probable and that we can reasonably estimate the associated cost or a range of costs.

Income Taxes

We file a consolidated U.S. federal income tax return. Our non-U.S. subsidiaries file income tax returns in their respective local jurisdictions. We provide for U.S. income taxes on those portions of our foreign subsidiaries accumulated earnings that we believe are not reinvested indefinitely in our businesses. It is not practicable to estimate the amount of tax that might be payable on the portion of those accumulated earnings that we believe are reinvested indefinitely.

We account for income taxes under the asset and liability method to provide for income taxes on all transactions recorded in the consolidated financial statements. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax benefit carry forwards. We determine deferred tax assets and liabilities at the end of each period using enacted tax rates.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. We recognize interest and penalties related to unrecognized tax benefits in income tax expense on our consolidated statements of operations.

See Note 17, Income Taxes, for further discussion.

Cash and Cash Equivalents

We consider highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Our policy is to invest cash in excess of short-term operating and debt service requirements in cash equivalents. Cash equivalents are stated at cost, which approximates fair value because of the short term maturity of the instruments. Our policy is to transact with counterparties that are rated at least A- by Standard & Poor s and A3 by Moody s. Some of our operations are located in countries that are rated below A- or A3. In this case, we try to minimize our risk by holding cash and cash equivalents at financial institutions with which we have existing global relationships whenever possible, diversifying counterparty exposures and minimizing the amount held by each counterparty and within the country in total.

Accounts Receivable Securitization

Three of our primary U.S. operating subsidiaries are parties to an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to an indirectly wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables to a participating bank or an issuer of commercial paper administered by the participating banks. The wholly-owned subsidiary retains the receivables it purchases from the three operating subsidiaries.

Effective January 1, 2010, under U.S. GAAP, our current program qualifies as a secured borrowing rather than the sale of an asset. Any future transfers of ownership interests of receivables under our receivables securitization program to the issuer of commercial paper or to the participating banks are no longer considered sales of receivables but are considered secured borrowings and will be recorded as liabilities on our consolidated balance sheet.

Receivables, Net

In the normal course of business, we extend credit to customers that satisfy pre-defined credit criteria. Accounts receivable, which are included in receivables, net, on the consolidated balance sheets, are net of allowances for doubtful accounts. We maintain accounts receivable allowances 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.

Inventories

We determine the cost of our legacy Sealed Air U.S. inventories on a last-in, first-out or LIFO cost flow basis. The cost of our U.S. equipment inventories and the balance of our U.S. inventories and most non-U.S. inventories is determined on a first-in, first-out or FIFO cost flow basis. We state inventories at the lower of cost or market.

Property and Equipment, Net

We state property and equipment at cost, except for the fair value of acquired property and equipment and property and equipment that have been impaired, for which we reduce the carrying amount to the estimated fair value at the impairment date. We capitalize significant improvements and charge repairs and maintenance costs that do not extend the lives of the assets to expense as incurred. We remove the cost and accumulated depreciation of assets sold or otherwise disposed of from the accounts and recognize any resulting gain or loss upon the disposition of the assets.

We depreciate the cost of property and equipment over their estimated useful lives on a straight-line basis as follows: buildings 20 to 40 years; machinery and equipment 5 to 10 years; and other property and equipment 2 to 10 years.

Goodwill and Identifiable Intangible Assets

Goodwill represents the excess of the aggregate of the following (1) consideration transferred, (2) the fair value of any noncontrolling interest in the acquiree and, (3) if the business combination is achieved in stages, the acquisition-date fair value of our previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Identifiable intangible assets consist primarily of patents, licenses, trademarks, trade names, customer lists and relationships, non-compete agreements and technology based intangibles and other contractual agreements. We amortize finite lived identifiable intangible assets over the shorter of their stated or statutory duration or their estimated useful lives, generally ranging from 3 to 15 years, on a straight-line basis to their estimated residual values and periodically review them for impairment. Total identifiable intangible assets comprise 12% in 2012 and 18% in 2011 of our consolidated total assets. See Note 4, Acquisition of Diversey Holdings, Inc., for further information on our acquired intangible assets.

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We use the acquisition method of accounting for all business combinations and do not amortize goodwill or intangible assets with indefinite useful lives. Goodwill and intangible assets with indefinite useful lives are tested for possible impairment annually during the fourth quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the asset might be impaired.

See Note 8, Goodwill and Identifiable Intangible Assets, for further discussion of our goodwill and identifiable intangible assets.

Long-Lived Assets

Impairment and Disposal of Long-Lived Assets

For definite lived intangible assets, such as customer relationships, contracts, intellectual property, and for other long-lived assets, such as property, plant and equipment, whenever impairment indicators are present, we perform a review for impairment. We calculate the undiscounted value of the projected cash flows associated with the asset, or asset group, and compare this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over the fair value. In addition, in all cases of an impairment review, we re-evaluate the remaining useful lives of the assets and modify them, as appropriate.

For indefinite lived intangible assets, such as in-process research and development and trademarks and trade names, each year and whenever impairment indicators are present, we determine the fair value of the asset and record an impairment loss for the excess of book value over the fair value, if any. In addition, in all cases of an impairment review other than for in-process research and development assets, we re-evaluate whether continuing to characterize the asset as indefinite lived is appropriate. See Note 8, Goodwill and Identifiable Intangible Assets.

Conditional Asset Retirement Obligations

We recognize a liability for a conditional asset retirement obligation when incurred if the liability can be reasonably estimated. A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within our control. In addition, we would record a corresponding amount by increasing the carrying amount of the related long-lived asset, which is depreciated over the useful life of such long-lived asset.

Self-Insurance

We retain the obligation for specified claims and losses related to property, casualty, workers compensation and employee benefit claims. We accrue for outstanding reported claims and claims that have been incurred but not reported based upon management s estimates of the aggregate liability for retained losses using historical experience, insurance company estimates and the estimated trends in claim values. Our estimates include management s and independent insurance companies assumptions regarding economic conditions, the frequency and severity of claims and claim development patterns and settlement practices. These estimates and assumptions are monitored and evaluated on a periodic basis by management and are adjusted when warranted by changing circumstances. Although management believes it has the ability to adequately project and record estimated claim payments, actual results could differ significantly from the recorded liabilities.

Pensions

For a number of our U.S. employees and our international employees, we maintain defined benefit pension plans. We are required to make assumptions regarding the valuation of projected benefit obligations and the performance of plan assets for our defined benefit pension plans.

We review and approve the assumptions made by our actuaries regarding the valuation of benefit obligations and performance of plan assets. The principal assumptions concern the discount rate used to measure future obligations, the expected future rate of return on plan assets, the expected rate of future compensation increases and various other actuarial assumptions. The measurement date used to determine benefit obligations and plan assets is December 31. In general, significant changes to these assumptions could have a material impact on the costs and liabilities recorded in our consolidated financial statements.

See Note 15, Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans, for information about the combined company s benefit plans.

Net Earnings per Common Share

Basic earnings per common share is calculated by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Non-vested share-based payment awards that contain non-forfeitable rights to dividends are treated as participating securities and therefore included in computing earnings per common share using the two-class method . The two-class method is an earnings allocation formula that calculates basic and diluted net earnings per common share for each class of common stock separately based on dividends declared and participation rights in undistributed earnings. The non-vested restricted stock issued under our 2005 Contingent Stock Plan are considered participating securities since these securities have non-forfeitable rights to dividends when we declare a dividend during the contractual vesting period of the share-based payment award and therefore included in our earnings allocation formula using the two-class method.

When calculating diluted net earnings per common share, the more dilutive effect of applying either of the following is presented: (a) the two-class method (described above) assuming that the participating security is not exercised or converted, or, (b) the treasury stock method for the participating security. Our diluted net earnings per common share for all periods presented were calculated using the two-class method since such method was more dilutive.

See Note 21, Net (Loss) Earnings Per Common Share, for further discussion.

Recently Issued Accounting Standards

Adopted in 2012

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

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income, that became effective for us beginning January 1, 2012. This standard eliminates the option to report other comprehensive income and its components in the statement of changes in equity. The adoption of this guidance did not impact our consolidated financial condition and results of operations.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment, that became effective for us beginning January 1, 2012. The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The adoption of this guidance did not impact our consolidated financial condition or results of operations.

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Pending in 2013

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

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

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities, which creates new disclosure requirements about the nature of an entity s rights of offset and related arrangements associated with its financial instruments and derivative instruments. Then in January 2013, the FASB issued ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, to further clarify the scope of the offsetting disclosures. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. The new disclosures are designed to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. We are currently evaluating the impact these standard updates on our consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, a company is required to present either on the statement of operations or in the notes significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The disclosure requirements are effective for annual reporting periods beginning after December 15, 2012, prospectively. We are currently evaluating the impact of this standard update on our consolidated financial statements.

Note 3 Divestiture

On November 14, 2012, we completed the sale of Diversey G.K. (Diversey Japan) (an indirect subsidiary of Diversey, Inc.) to an investment vehicle of The Carlyle Group (Carlyle) for gross proceeds of $323 million, including certain purchase price adjustments. After transaction costs of $10 million, we used substantially of all the net proceeds of $313 million to prepay a portion of our term loans outstanding under our senior secured credit facilities (see Note 12, Debt and Credit Facilities). We recorded a pre-tax gain on the sale of $211 million ($179 million net of tax) which is included in net earnings in the consolidated statement of operations for the year ended December 31, 2012.

Diversey Japan was acquired as part of the acquisition of Diversey on October 3, 2011. See Note 4, Acquisition of Diversey Holdings, Inc. The Diversey Japan business was part of the Company s Diversey reportable segment. In accordance with the applicable accounting guidance for the disposal of long-lived assets, the results of the Diversey Japan business are presented as discontinued operations, net of tax, in the consolidated statements of operations for the years ended December 31, 2012 and 2011 and Cash Flows and related disclosures and, as such, have been excluded from both continuing operations and segment results for all years presented. Assets and liabilities of the Diversey Japan business have been segregated as assets and liabilities held for sale in the consolidated balance sheet as of December 31, 2011.

Following is selected financial information included in net earnings from discontinued operations:

	Year Ended December 31,	
	2012	**2011**
Net sales	$ 273.5	$ 90.0
Operating profit	$ 34.1	$ 17.9

Earnings from discontinued operations before income tax provision	$	33.0	$	18.1
Income tax provision		12.1		7.5
Net earnings from discontinued operations	$	20.9	$	10.6
Gain on sale of discontinued operations before income tax provision	$	210.8	$	
Income tax provision on sale		31.9		
Net gain on sale of discontinued operations	$	178.9	$	

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

		Year Ended December 31, 2011
Assets:		
Cash and cash equivalents	$	19.2
Receivables, net		68.8
Inventories		20.6
Property and equipment, net		52.9
Goodwill		10.9
Intangible assets, net		69.4
Other assets, net		37.2
Assets held for sale	$	279.0
Liabilities:		
Accounts payable	$	64.1
Other liabilities		152.6
Liabilities held for sale	$	216.7

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In connection with the sale, the Company entered into several agreements to provide certain supply and transitional services to Diversey Japan after closing of the sale. While those agreements are expected to generate future revenues and cash flows for the Company, the estimated amounts and the Company s continuing involvement in Diversey operations in Japan are not expected to be significant to the Company as a whole.

Note 4 Acquisition of Diversey Holdings, Inc.

Description of Transaction

On October 3, 2011, we completed the acquisition of 100% of the outstanding stock of Diversey Holdings, Inc. Under the terms of the acquisition agreement, we paid in aggregate $2.1 billion in cash consideration and an aggregate of approximately 31.7 million shares of Sealed Air common stock to the shareholders of Diversey. We financed the payment of the cash consideration and related fees and expenses through (a) borrowings under our new Credit Facility, (b) proceeds from our issuance of the Notes and (c) cash on hand. In connection with the acquisition, we also used our new borrowings and cash on hand to retire $1.6 billion of existing indebtedness of Diversey. The new Credit Facility and Notes are described in Note 12, Debt and Credit Facilities.

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

Summary Unaudited Pro Forma Financial Information

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

	Year Ended December 31, 2011	Year Ended December 31, 2010
Net sales	$ 7,785.0	$ 7,304.6
Operating profit	$ 596.0	$ 659.2
Net earnings from continuing operations	$ 106.1	$ 164.6
Weighted average number of common shares outstanding:		
Basic	190.8	190.0
Diluted	209.2	208.4
Net earnings per common share:		
Basic	$ 0.56	$ 0.87
Diluted	$ 0.51	$ 0.79

For the year ended December 31, 2011, material non-recurring pro forma adjustments include the removal of costs related to the acquisition of Diversey of $70 million, including $6 million of acquisition costs included in legacy Diversey s consolidated statement of operations for the nine months ended September 30, 2011, and the removal of the step-up in inventories, net, of $12 million.

For the year ended December 31, 2010, there were no material non-recurring pro forma adjustments.

Note 5 Segments

During the fourth quarter of 2012, we began to operate under three new business divisions for our segment reporting structure. This new structure replaced our legacy seven business unit structure.

We evaluate the performance of each reportable segment based on operating profit and other financial metrics, which includes allocations for such corporate expenses as business development, customer service, finance, information services, human resources and legal. It does not include restructuring and other charges or interest income and expense and any income or loss amounts recorded in other income (expense). We allocate all depreciation and amortization to our reportable segments and Other category consistent with the accounting policies of the Company.

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The following tables show net sales, depreciation and amortization and operating (loss) profit by our new segment reporting structure:

	2012	2011	2010
Net sales			
Food & Beverage	$ 3,739.6	$ 3,240.6	$ 2,858.5
Institutional & Laundry	2,131.5	534.0	
Protective Packaging	1,578.4	1,594.4	1,469.9
Other	198.6	181.9	161.7
Total	$ 7,648.1	$ 5,550.9	$ 4,490.1
Depreciation and amortization			
Food & Beverage	$ 142.2	$ 122.2	$ 120.3
Institutional & Laundry	127.3	35.1	
Protective Packaging	38.3	44.1	53.4
Other	13.1	10.9	11.4
Total	$ 320.9	$ 212.3	$ 185.1
Operating (loss) profit			
Food & Beverage	$ (170.9)	$ 371.2	$ 361.9
Institutional & Laundry	(1,278.4)	(14.8)	
Protective Packaging	207.5	201.7	185.1
Other	(25.4)	(11.7)	(4.4)
Total segments and other	(1,267.2)	546.4	542.6
Costs related to the acquisition and integration of Diversey	7.4	64.8	
Restructuring and other charges[(1)]	142.5	52.2	7.6
Total	$ (1,417.1)	$ 429.4	$ 535.0

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

	2012	2011	2010
Food & Beverage	$ 72.0	$ 13.1	$ 3.7
Institutional & Laundry	53.1	39.5	
Protective Packaging	16.7	(0.4)	3.8
Other	0.7		0.1
Total	$ 142.5	$ 52.2	$ 7.6

The restructuring and other charges in 2011 and 2012 primarily relate to the 2011-2014 Integration and Optimization Program. The restructuring and other charges in 2010 primarily relate to our global manufacturing strategy and our closure of a small factory in Europe. See Note 10, Restructuring Activities, for further discussion.

Assets by Reportable Segments

The following table shows assets allocated by our segment reporting structure. 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.

	December 31, 2012	December 31, 2011
Assets:		
Trade receivables, net, and finished goods inventories, net		
Food & Beverage	$ 811.9	$ 806.5
Institutional & Laundry	587.8	582.3
Protective Packaging	331.3	337.3
Other	37.0	35.0
Total segments and other	1,768.0	1,761.1
Assets not allocated		
Cash and cash equivalents	679.6	703.6
Property and equipment, net	1,212.8	1,269.2
Goodwill	3,191.4	4,209.6
Intangibles, net	1,139.7	2,035.7
Assets held for sale		279.0
Other	1,445.7	1,173.8
Total	$ 9,437.2	$ 11,432.0

Allocation of Goodwill and Identifiable Intangible Assets to Reportable Segments

Our management views goodwill and identifiable intangible assets as corporate assets, so we do not allocate their balances to the reportable segments. However, we are required to allocate their balances to each reporting unit to perform our annual impairment review, which we do during the fourth quarter of the year. In 2012, we determined that sufficient indicators existed to require an impairment review. See Note 8, Goodwill and Identifiable Intangible Assets, for the allocation of goodwill and identifiable intangible assets and the changes in their balances in the year ended December 31, 2012 by our segment reporting structure, and the details of our impairment review.

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Geographic Information

	2012	2011	2010
Net sales[1]:			
United States	$ 2,713.2	$ 2,305.2	$ 2,081.6
Canada	267.7	172.6	145.0
Europe	2,492.2	1,639.9	1,171.4
Latin America	802.0	545.7	434.3
AMAT	776.8	346.0	197.7
Japan/Australia/New Zealand	596.2	541.5	460.1
Total	$ 7,648.1	$ 5,550.9	$ 4,490.1
Total long-lived assets[1][2]:			
United States	$ 3,006.4	$ 4,558.1	
Canada	105.8	48.0	
Europe	1,686.5	1,989.8	
Latin America	262.0	387.9	
AMAT	699.8	815.8	
Japan/Australia/New Zealand	198.5	169.9	
Total	$ 5,959.0	$ 7,969.5	

(1) Net sales attributed to the geographic areas represent net sales to external customers. No non-U.S. country had net sales in excess of 10% of consolidated net sales or long-lived assets in excess of 10% of consolidated long-lived assets at December 31, 2012 and 2011.

(2) Total long-lived assets are total assets excluding total current assets and deferred tax assets.

Note 6 Inventories

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

	December 31,	
	2012	2011
Inventories (at FIFO, which approximates replacement value):		
Raw materials	$ 128.4	$ 150.8
Work in process	117.0	121.0
Finished goods	542.4	559.0
Subtotal (at FIFO)	787.8	830.8
Reduction of certain inventories to LIFO basis	(51.4)	(53.3)
Total	$ 736.4	$ 777.5

We determine the value of our legacy Sealed Air non-equipment U.S. inventories by the last-in, first-out or LIFO inventory method. U.S. inventories determined by the LIFO method were $104 million at December 31, 2012 and $121 million at December 31, 2011.

Note 7 Property and Equipment, net

The following table details our property and equipment, net, at December 31, 2012 and 2011.

	December 31, 2012	December 31, 2011
Land and improvements	$ 142.5	$ 139.4
Buildings	715.4	702.3
Machinery and equipment	2,548.9	2,460.7
Other property and equipment	154.2	151.6
Construction-in-progress	85.7	103.9
	3,646.7	3,557.9
Accumulated depreciation and amortization	(2,433.9)	(2,288.7)
Property and equipment, net	$ 1,212.8	$ 1,269.2

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment for the three years ended December 31, 2012.

	December 31, 2012	December 31, 2011	December 31, 2010
Interest cost capitalized	$ 5.5	$ 4.2	$ 3.7
Depreciation and amortization expense for property and equipment	170.0	147.2	143.5

Note 8 Goodwill and Identifiable Intangible Assets

Goodwill

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

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Third Quarter 2012 Interim Impairment Test

During the third quarter of 2012, we determined that sufficient indicators of potential impairment existed to require an interim goodwill impairment analysis for certain of our legacy-Diversey reporting units (North America, Europe and Latin America) included in the legacy-Diversey segment. These indicators included the recent business performance of those reporting units, combined with the long-term market conditions and business trends within the underlying regions. We estimated the fair value of these reporting units using a weighting of fair values derived from an income and market approach. Under the income approach, we determine the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management s estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the business and the projected cash flows. The market approach estimates fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit. Based on the results of the step one impairment test, the fair value of the reporting units was substantially lower than the carrying value for those reporting units (regions mentioned above). As a result, we recorded an estimated $1.1 billion goodwill impairment charge in the three months ended September 30, 2012, which is included in impairment of goodwill and other intangible assets in the consolidated statements of operations. At the time, the charge was included in the legacy-Diversey segment.

In addition, during the third quarter of 2012 and prior to performing the step one impairment test, we considered the same indicators of potential impairment noted above as related to the indefinite lived assets of those reporting units. When indicators of impairment are present, we determine the fair value of the indefinite lived assets and compare them to their carrying values. We estimate the fair value of these assets using a relief from royalty method under an income approach. The key assumptions for this method are a revenue projections, an royalty rate as determined by management in consultations with valuation experts, and a discount rate, established as discussed above. Based on our analysis, the fair values of an indefinite lived tradename was lower than its carrying value. As a result, we recorded a pre-tax impairment charge of $189 million associated with the Diversey tradename in the three months ended September 30, 2012, which is included in impairment of goodwill and other intangible assets in the consolidated statements of operations. At the time, the charge was included in the legacy-Diversey segment.

During the fourth quarter of 2012, we concluded step two of our interim impairment test for the legacy-Diversey reporting units noted above. This process resulted in the reduction of the estimated pre-tax goodwill impairment charge by $326 million. The reduction of the third quarter charge was due to the fair value of certain definite lived assets being less than their carrying value. While the discounted cash flows determined during the step one impairment review were less than the carrying value, the asset groups undiscounted cash flows associated with those reporting units were in excess of the carrying values, as such there was no impairment of those reporting units definite lived intangibles and long lived assets.

2012 Annual Impairment Test

During the fourth quarter of 2012, we completed step one of our annual goodwill impairment test for our legacy Sealed Air reporting units and Diversey s Asia Pacific, Africa and Turkey (APAT) reporting unit. We concluded that the fair values of these reporting units were above their carrying values and, therefore, for these reporting units there was no indication of impairment.

New Reporting Units

In the fourth quarter of 2012, we began to operate under the new reporting structure, which resulted in a change in the composition of our reporting units. In connection with the new structure, (i) legacy-Diversey was divided into two reporting units, Hygiene Solutions (included in the Food & Beverage segment) and Institutional & Laundry (its own segment). In addition, we combined (i) Sealed Air s legacy Food Packaging and Food Solutions into new Packaging Solutions reporting unit (included in the Food & Beverage segment), and (ii) Sealed Air s legacy Protective Packaging, Shrink Packaging and Specialty Foam business of the former Specialty Materials reporting units into the new Protective Packaging Segment (its own segment).

Fourth Quarter 2012 Interim Impairment Test

At the end of the fourth quarter of 2012, based on the operating results under our new reporting structure, we determined that sufficient indicators of potential impairment existed to require an interim goodwill impairment analysis for our I&L and Hygiene Solutions reporting units. These indicators included the recent business performance of those reporting units as compared to the projections developed during the third quarter 2012 interim impairment review. We performed steps one and two of the impairment test for each of these two reporting units using the same approach as noted above.

Prior to performing the step one interim impairment test, we first evaluated the indefinite lived intangible assets allocated to the I&L and Hygiene Solutions reporting units. On an annual basis, or when indicators of impairment are present, we determine the fair value of the indefinite lived assets and compare them to their carrying values. We estimate the fair value of these assets using a relief from royalty method under an income approach. Based on our analysis, the fair values of certain indefinite lived trademarks were lower than their carrying values. As a result, we recorded a pre-tax impairment charge of $441 million in the fourth quarter of 2012, which is included in impairment of goodwill and other intangible assets in the consolidated statements of operations and reflected in the F&B ($140 million) and I&L ($301 million) segments.

We also evaluated the recoverability of long lived assets of these reporting units. When indicators of impairment are present, we test definite lived and long lived assets for recoverability by comparing the carrying value of an asset group to their undiscounted cash flows. We considered the lower than expected revenue and profitability levels over a sustained period of time, and downward revisions to our cash flow forecasts for a portion of these reporting units to be indicators of impairment for their long-lived assets. Based on the results of the recoverability test, we determined that the carrying value of certain asset groups of the Hygiene Solutions reporting unit were higher than their undiscounted cash flow. We then looked at specific long-lived assets in those asset groups and determined that the carrying value of the customer relationships intangible assets exceeded their fair value. We estimated the fair value of those assets, primarily using the excess earnings method under an income approach. The key assumptions for this method are a projection of future revenue and profitability as determined by management, the expected survivorship and discount rate, established as discussed above. As a result, we recorded a pre-tax impairment charge of $149 million in the fourth quarter of 2012, which is included in the impairment of goodwill and other intangible assets in the consolidated statement of operations and reflected in the F&B segment.

We also completed steps one and two of the interim goodwill impairment test for these reporting units. As a result, in the fourth quarter of 2012, we recorded an additional goodwill impairment charge for the Hygiene Solutions reporting unit of $174 million and $97 million for the I&L reporting unit, which is included in impairment of goodwill and other intangible assets in the consolidated statements of operations.

Allocation of Goodwill to Reporting Units

Due to the changes in our segment reporting structure during the fourth quarter of 2012, we reassigned goodwill to our new reporting units using a relative fair value approach. Goodwill of the F&B segment combines goodwill of two reporting units: Packaging Solutions, which includes former legacy Sealed Air s Food Packaging and Food Solutions packaging reporting units, and Hygiene Solutions, which was previously reported in the legacy-Diversey segment. Goodwill of the I&L segment also includes a portion of the goodwill previously reported in the legacy-Diversey segment. Goodwill of the Protective Packaging segment combines goodwill of the former legacy Sealed Air s Protective Packaging and Shrink Packaging reporting units and the specialty foam business of the former Specialty Materials reporting unit. The goodwill of the Other category is represented by the goodwill of the Medical Applications reporting unit. The following table shows our goodwill balances by our new segment reporting structure:

	Carrying Value at December 31, 2011	Purchase Price Adjustments (1)	Impact of Foreign Currency Translation	Goodwill Impairment	Carrying Value at December 31, 2012
Food & Beverage	$ 833.7	$ 3.3	$ 0.7	$ (208.0)	$ 629.7
Institutional & Laundry	1,958.6	34.3	33.2	(883.0)	1,143.1
Protective Packaging	1,369.9		2.8		1,372.7
Other category	47.4	(1.6)	0.1		45.9
Total	$ 4,209.6	$ 36.0	$ 36.8	$ (1,091.0)	$ 3,191.4

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

The excess of estimated fair values over carrying value, including goodwill and after any impairment charges, for each of our reporting units that had goodwill as of the annual impairment test or the fourth quarter 2012 interim impairment test were the following:

Reporting Unit		% by Which Estimated Fair value exceeds Carrying Value
Food & Beverage	Packaging Solutions	172%
Food & Beverage	Hygiene Solutions	8%
Institutional & Laundry		(12)%
Protective Packaging		33%
Medical Applications		194%

Although we recorded a goodwill impairment charge in 2012, our Hygiene Solutions and Institutional and Laundry reporting units remain at risk for impairment. The fair value of our Institutional and Laundry reporting unit remains below its carrying value because of the reduction in fair value of certain definite lived intangible assets within the reporting unit. The asset groups that contain those definite lived intangible assets continue to have undiscounted cash flows in excess of their carrying value.

The future occurrence of a potential indicator of additional impairment, such as a decrease in expected net earnings, adverse equity market conditions, a decline in current market multiples, a decline in our common stock price, a significant adverse change in legal factors or business climates, an adverse action or assessment by a regulator, unanticipated competition, strategic decisions made in response to economic or competitive conditions, or a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of, could require an interim assessment for some or all of the reporting units before the next required annual assessment. In the event of significant adverse changes of the nature described above, we might have to recognize an additional non-cash impairment of goodwill, which could have a material adverse effect on our consolidated financial condition and results of operations.

Identifiable Intangible Assets

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

	December 31,2012				December 31, 2011		
	Gross Carrying Value	Accumulated Amortization	Impairment	Net	Gross Carrying Value	Accumulated Amortization	Net
Customer relationships	$ 978.1	$ (112.7)	(148.9)[1]	$ 716.5	$ 960.2	$ (36.6)	$ 923.6
Trademarks and trade names	882.3	(0.9)	(630.2)[1]	251.2	882.3	(0.8)	881.5
Technology	243.5	(79.1)	(22.2)[2]	142.2	229.9	(33.4)	196.5
Contracts	44.6	(14.8)		29.8	40.2	(6.1)	34.1
Total	$ 2,148.5	$ (207.5)	$ (801.3)	$ 1,139.7	$ 2,112.6	$ (76.9)	$ 2,035.7

(1) During the third quarter of 2012, we determined that sufficient indicators existed to require an interim impairment review of our Diversey tradename. Based on our analysis, the fair value of this intangible was lower than the carrying value, which resulted in a pre-tax impairment charge of $189 million. In addition, during the fourth quarter of 2012, we completed our annual impairment test for other indefinite lived intangibles and we performed an interim impairment review of our customer relationships and trademarks and trade names. As a result, we recorded a total impairment charge of $779 million which is included in impairment of goodwill and other intangible assets on the consolidated statements of operations in the year ended December 31, 2012.

(2) During the fourth quarter of 2012, we made a decision to suspend certain development efforts and abandon future product development work on a project included in our other category. As a result, we recorded an impairment of $22.2 million ($13.7 million, net of taxes), which is included in impairment of goodwill and other intangible assets on the consolidated statements of operations in the year ended December 31, 2012.

The intangible assets include $251 million of trademarks and trade names that we have determined to have indefinite useful lives, acquired in connection with the acquisition of Diversey.

The following table shows the remaining estimated future amortization expense at December 31, 2012.

2013	$ 111.3

2014	111.6
2015	85.6
2016	83.9
2017	81.4
Thereafter	414.8
Total	$ 888.6

The remaining weighted average useful life of our finite-lived intangible assets was 10.4 years as of December 31, 2012.

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Note 9 Accounts Receivable Securitization Program

We and a group of our U.S. subsidiaries maintain an accounts receivable securitization program with two banks and issuers of commercial paper administered by these banks. As of December 31, 2012, the maximum purchase limit for receivable interests was $125 million, subject to the availability limits described below.

The amounts available from time to time under the program may be less than $125 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. During 2012, the level of eligible assets available under the program was lower than $125 million primarily due to our current credit ratings. As a result, the amount available to us under the program was $112 million at December 31, 2012. Although we do not believe that these restrictive provisions presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available to us under the program or termination of the program.

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

The overall program is scheduled to expire in September 2013. In addition, the program includes a bank financing commitment that must be renewed annually. The bank financing commitment was renewed in September 2012.

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

In February 2013, we entered into a European accounts receivable securitization program with two banks. The maximum purchase limit for receivable interests is   95 million, ($125 million USD equivalent) subject to availability limits, and the program is scheduled to expire in February 2014. The terms and provisions of this program are similar to our U.S. program. As of March 1, 2013, the amount available under this program was   40 million ($52 million USD equivalent).

Note 10 Restructuring Activities

The following table details our restructuring activities:

	2012				2011			
	2011-2014 Integration and Optimization Program	EPC	Other	Total	2011-2014 Integration and Optimization Program	EPC	Other	Total
Restructuring charges	$ 144.9	$ (1.3)	$ (1.1)	$ 142.5	$ 52.2	$ 1.0	$ (1.0)	$ 52.2
Other associated costs	22.2	12.1		34.3		4.0		4.0
Total	$ 167.1	$ 10.8	$ (1.1)	$ 176.8	$ 52.2	$ 5.0	$ (1.0)	$ 56.2

2011-2014 Integration and Optimization Program

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

Restructuring Charges

The restructuring charges include mainly termination and benefits costs of which $9 million related to cash-settled stock appreciation rights that were previously issued to Diversey employees as a portion of the total consideration for the acquisition of Diversey. See Note 19, Stockholders Equity, for further details of these awards.

The restructuring accrual, spending and other activity for the year ended December 31, 2012 and the current and non-current accrual balance remaining at December 31, 2012 were as follows:

Current and non-current restructuring accrual at December 31, 2011	$ 23.7
Additional accrual and accrual adjustments	144.9
Cash payments during 2012	(81.4)
Effect of changes in foreign currency exchange rates	1.0
Current and non-current restructuring accrual at December 31, 2012	$ 88.2

Cumulative cash payments made in connection with this program through December 31, 2012 were $110 million. We expect to pay $71 million of the accrual balance remaining at December 31, 2012 within the next twelve months. This amount is included in other current liabilities on the consolidated balance sheet at December 31, 2012. The majority of the remaining accrual of $17 million is expected to be paid out in 2014 and 2015. This amount is included in other liabilities on the consolidated balance sheet at December 31, 2012.

Other Associated Costs

The other associated costs in 2012 include asset impairment charges of $12 million and professional and consulting fees of $6 million and other costs for $4 million. Asset impairment charges include (i) a $4 million charge related to a facility closure in the U.S., reported in cost of sales in our Food & Beverage segment, and (ii) an $8 million charge related to a planned facility closure in France, reported in cost of sales in our I&L segment.

Other Capital Expenditures

Other capital expenditures were $14 million in 2012 and none in 2011. Other capital expenditures are mainly related to purchases for equipment for facility and supply chain network.

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European Principal Company (EPC   )

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

Costs incurred as part of the EPC included (i) restructuring charges for severance and termination benefits and (ii) other associated costs, reported as part of marketing, administrative and development expenses in our Consolidated Statements of Operations.

Note 11 Other Liabilities

The following tables detail our other current liabilities and other liabilities at December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
Other current liabilities:		
Accrued salaries, wages and related costs	$ 264.8	$ 269.2
Accrued operating expenses	320.1	229.2
Income taxes payable	23.8	60.8
Accrued customer volume rebates	167.4	180.1
Accrued interest	63.4	65.6
Accrued employee benefit liability	9.7	9.8
Total	$ 849.2	$ 814.7

	December 31, 2012	December 31, 2011
Other liabilities:		
Accrued employee benefit liability	$ 292.6	$ 226.2
Other postretirement liability	77.3	68.9
Other various liabilities	276.1	271.9
Total	$ 646.0	$ 567.0

Note 12 Debt and Credit Facilities

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

	December 31, 2012	December 31, 2011
Short-term borrowings	$ 39.2	$ 34.5
Current portion of long-term debt	1.8	1.9
Total current debt	41.0	36.4
5.625% Senior Notes due July 2013, less unamortized discount of $0.3 in 2011(1)(2)		401.0
12% Senior Notes due February 2014(1)	153.4	156.3
Term Loan A Facility due October 2016, less unamortized lender fees of $15.4 in 2012 and $21.7 in 2011(3)	843.9	945.7

7.875% Senior Notes due June 2017, less unamortized discount of $5.5 in 2012 and $6.5 in 2011	394.5	393.5
Term Loan B Facility due October 2018, less unamortized lender fees of $10.7 in 2012 and $21.3 in 2011, and unamortized discount of $15.6 in 2012 and $26.5 in 2011[3]	771.6	1,118.8
8.125% Senior Notes due September 2019	750.0	750.0
6.50% Senior Notes due December 2020	425.0	
8.375% Senior Notes due September 2021	750.0	750.0
6.875% Senior Notes due July 2033, less unamortized discount of $1.4 in 2012 and $1.4 in 2011	448.6	448.6
Other	3.8	2.8
Total long-term debt, less current portion	4,540.8	4,966.7
Total debt[4]	$ 4,581.8	$ 5,003.1

(1) Amount includes adjustments due to interest rate swaps. See Interest Rate Swaps, of Note 13, Derivatives and Hedging Activities, for further discussion.

(2) During 2012, we purchased all of our outstanding $400 million 5.625% Senior Notes due 2013. See below for further discussion.

(3) In 2012, we prepaid $95 million of euro and U.S. dollar denominated portions of the original Term Loan A. In addition, we prepaid $1.1 billion and refinanced the remaining principal amount of $801 million of the euro and U.S dollar denominated portions of the original Term Loan B at 99.75% of the face value. Also, in connection with the sale of Diversey Japan, we prepaid $90 million and refinanced the remaining principal amount of $80 million of the Japanese yen denominated balances owed under the original Term Loan A. See below for further discussion.

(4) The weighted average interest rate on our outstanding debt was 6.4% as of December 31, 2012 and 6.2% as of December 31, 2011.

Senior Notes

2012 Activity

In November 2012, we issued $425 million of 6.50% Senior Notes and used substantially all of the proceeds to retire the 5.625% senior notes due July 2013. The aggregate repurchase price was $421 million, which included the principal amount of $400 million, a 3% premium of $13 million and accrued interest of $8 million. As a result, we recognized a net pre-tax loss of $12 million, which included the premium mentioned above, less a gain of $1 million on the termination of a related interest rate swap. The loss on debt redemption is included on our consolidated statements of operations.

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The 6.50% senior notes due 2020 and their related guarantees were offered only to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the Securities Act), and to non-U.S. persons in transactions outside the U.S. under Regulation S of the Securities Act. These notes have not been registered under the Securities Act, and, unless so registered, may not be offered or sold in the U.S. absent registration or an applicable exemption form, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

2011 Activity

On October 3, 2011, we completed an offering of $750 million aggregate principal amount of 8.125% senior notes due 2019 and $750 million aggregate principal amount of 8.375% senior notes due 2021. These notes were sold to investors at 100.0% of their aggregate principal amount, and interest is payable on the notes on March 15 and September 15 of each year, commencing March 15, 2012.

These notes and their related guarantees were offered only to qualified institutional buyers under Rule 144A of the Securities Act, and to non-U.S. persons in transactions outside the United States under Regulation S of the Securities Act. These notes have not been registered under the Securities Act, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption form, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

Credit Facility

2012 Activity

Amended Credit Facility

In connection with the sale of Diversey Japan (see Note 3, Divestiture), and the repayment of existing indebtedness of the Company and to provide for ongoing liquidity requirements, on November 14, 2012, we entered into an amended senior secured credit facility (the Amended Credit Facility). The Amended Credit Facility consists of: (a) a multicurrency Term Loan A facility denominated in U.S. dollars, Canadian dollars, euros and Japanese yen, (Amended Term Loan A Facility), (b) a multicurrency Term Loan B facility denominated in U.S. dollars and euros (Amended Term Loan B Facility) and (c) a $700 million revolving credit facility available in U.S. dollars, Canadian dollars, euros, and Australian dollars (Amended Revolving Credit Facility). Our obligations under the Amended Credit Facility have been guaranteed by certain of Sealed Air s subsidiaries and secured by pledges of certain assets and the capital stock of certain subsidiaries.

The Amended Term Loan A Facility and the Amended Revolving Credit Facility each have a five-year term and bear interest at either LIBOR or the base rate (or an equivalent rate in the relevant currency) plus 250 basis points (bps) per annum in the case of LIBOR loans and 150 bps per annum in the case of base rate loans, provided that the interest rates shall be decreased to 225 bps and 125 bps, respectively, upon achievement of a specified leverage ratio. The Amended Term Loan B Facility has a seven-year term. The U.S. dollar-denominated tranche bears interest at either LIBOR or the base rate plus 300 bps per annum in the case of LIBOR loans and 200 bps per annum in the case of base rate loans, and the euro-denominated tranche bears interest at either EURIBOR or the base rate plus 350 bps per annum in the case of EURIBOR loans and 250 bps per annum in the case of base rate loans. LIBOR and EURIBOR are subject to a 1.0% floor under the Amended Term Loan B Facility.

In connection with the sale of Diversey Japan, we prepaid $90 million and refinanced the remaining principal amount of $80 million of Japanese yen denominated balances owned of the original Term Loan A. As a result, we accelerated $1 million of original unamortized lender fees included as a reduction of the pre-tax gain on the sale of Diversey Japan. We also carried forward $1 million of unamortized lender fees in the carrying amount of the debt instrument. Incremental lender fees and non-lender fees related to the transactions mentioned above were insignificant. These non-lender fees are included in other assets on our consolidated balance sheet. We prepaid $95 million of euro and U.S. dollar denominated portions of the original Term Loan A for other Sealed Air companies.

We prepaid $1.1 billion and refinanced the remaining principal amount of $801 million of the euro and U.S. dollars denominated portions of the original Term Loan B at 99.75% of the face value for other Sealed Air companies. As a result, we accelerated unamortized original issuance discounts of $9 million and unamortized lender fees of $7 million, which are included in loss on debt redemption on our consolidated statements of operations. We also recorded new original issuance discount and non-lender fees for a total of $2 million, which are included in the carrying amount of the debt instruments. In addition, we recorded $7 million of non-lender fees related to the transactions mentioned above. Those fees are included in loss on debt redemption on our consolidated statements of operations.

The amortization expense of the original issuance discount and lender and non-lender fees is calculated using the effective interest rate method over the lives of the respective debt instruments. Total amortization expense in 2012 related to the debt instruments above was $23 million and is included in interest expense on our consolidated statements of operations.

The Amended Credit Facility provides for customary events of default, including failure to pay principal or interest when due, failure to comply with covenants, materially false representation or warranty made by the Company, certain insolvency or receivership events and a change in control. For certain events of default, the commitments of the lenders will be automatically terminated, and all outstanding obligations under the Amended Credit Facility may be declared immediately due and payable.

The Amended Revolving Credit Facility may be used for working capital needs and general corporate purposes, including the payment of the amounts required upon effectiveness of the Settlement agreement (defined below in Note 18, Commitments and Contingencies). We used our Amended Revolving Facility for a short time period in connection with the sale of Diversey Japan. Interest paid for the year ended December 31, 2012 under the Amended Revolving Credit Facility was insignificant. There were no amounts outstanding under the Amended Credit Facility at December 31, 2012.

2011 Activity

Original Credit Facility

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

The U.S. dollar denominated tranche of the Term Loan B Facility was sold to investors at 98% of its principal amount, and the euro-denominated tranche of the Term Loan B Facility was sold to investors at 97% of its principal amount. As a result, we recorded $28 million of original issuance discounts, which were included in the carrying amount of the Term Loan B Facility prior to its refinancing in 2012. We also recorded $48 million of lender fees related to the transactions mentioned above. These fees are also included in the carrying amount of the respective debt instruments. In addition, we recorded $51 million of non-lender fees related to the transactions mentioned above. Those fees were included in other assets on our consolidated balance sheet.

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The amortization expense of the original issuance discount and lender and non-lender fees is calculated using the effective interest rate method over the lives of the respective debt instruments. Total amortization expense in 2011 related to the debt instruments above was $7 million and is included in interest expense on our consolidated statements of operations.

Lines of Credit

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

	December 31, 2012	December 31, 2011
Used lines of credit	$ 39.2	$ 34.5
Unused lines of credit	989.5	1,028.7
Total available lines of credit	$ 1,028.7	$ 1,063.2
Available lines of credit committed	$ 700.5	$ 703.9
Available lines of credit uncommitted	328.2	359.3
Total available lines of credit	$ 1,028.7	$ 1,063.2
Accounts receivable securitization program committed(1)	$ 112.0	$ 92.0

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

Other Lines of Credit

Substantially all our short-term borrowings of $39 million at December 31, 2012 and $35 million at December 31, 2011 were outstanding under lines of credit available to several of our foreign subsidiaries. The following table details our other lines of credit.

	December 31, 2012	December 31, 2011
Available lines of credit	$ 328.3	$ 359.3
Unused lines of credit	289.0	328.7
Weighted average interest rate	10.2%	10.1%

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Amended Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum permitted ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Credit Facility). We were in compliance with the above financial covenants and limitations at December 31, 2012 and 2011.

Debt Maturities

The following table summarizes the scheduled annual maturities for the next five years and thereafter of our long-term debt, including the current portion of long-term debt. This schedule excludes debt discounts, interest rate swaps and lender fees.

2013	$ 1.8
2014	304.0
2015	329.8
2016	406.2
2017	408.2
Thereafter	3,141.2
Total	$ 4,591.2

Note 13 Derivatives and Hedging Activities

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

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

Foreign Currency Forward Contracts Not Designated as Hedges

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

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The estimated fair value of these derivative contracts, which represents the estimated net balance that would be paid or that would be received by us in the event of their termination, based on the then current foreign currency exchange rates, was a net current liability of $25 million at December 31, 2012 and was a net current asset of $15 million at December 31, 2011.

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

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

Net unrealized after tax gains (losses) related to these contracts that were included in other comprehensive income for the years ended December 31, 2012 and 2011 were immaterial. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

Interest Rate Swaps

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

In the third quarter of 2012, we terminated the swaps linked to the 12% Senior Notes, although the 12% Senior Notes remained outstanding. We received cash of $2 million resulting from the gain on the termination of the swaps, which is being amortized over the remaining life of the 12% Senior Notes. At December 31, 2012, we had no interest rate swaps outstanding.

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

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

As a result of our interest rate swap agreements, interest expense was reduced by $1 million in 2012 and $3 million in 2011.

Other Derivative Instruments

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

See Note 14, 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.

Fair Value of Derivative Instruments

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

	Fair Value of Asset Derivatives[(1)]		**Fair Value of (Liability) Derivatives[(1)]**	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**

Derivatives designated as hedging instruments:				
Foreign currency forward contracts (cash flow hedges)	$ 0.5	$ 0.5	$ (0.8)	$ (0.5)
Interest rate swaps (fair value hedges)		2.1		
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts	4.9	18.0	(29.6)	(3.0)
Total	$ 5.4	$ 20.6	$ (30.4)	$ (3.5)

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

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

	Amount of Gain (Loss) Recognized in Earnings on Derivatives(1) **Year Ended December 31,**	
	2012	**2011**
Derivatives designated as hedging instruments:		
Interest rate swaps	$	$ 4.1
Foreign currency forward contracts(2)		0.4
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts(2)	4.6	5.3
Total	$ 4.6	$ 9.8

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

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

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Note 14 Fair Value Measurements and Other Financial Instruments

Fair Value Measurements

The fair value of our financial instruments, using the fair value hierarchy under U.S. GAAP detailed in Fair Value Measurements, of Note 2, Summary of Significant Accounting Policies and Recently Issued Accounting Standards, are included in the table below.

December 31, 2012	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 210.0	$	$ 210.0	$
Derivative financial instruments net liability:				
Foreign currency forward contracts	$ 25.0	$	$ 25.0	$

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

Cash Equivalents

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

Derivative Financial Instruments

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

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

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

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

Other Financial Instruments

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) receivables, net, (2) certain other current assets, (3) accounts payable and (4) other current liabilities. The carrying amounts reported on our 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 consolidated balance sheets include our senior notes. We utilize a market approach to calculate the fair value of our senior notes. Due to their limited investor base and the face value of some of our senior notes, they may not be actively traded on the date we calculate their fair value. Therefore, we may utilize prices and other relevant information generated by market transactions involving similar securities, reflecting U.S. Treasury yields to calculate the yield to maturity and the price on some of our senior notes. These inputs are provided by an independent third party and are considered to be Level 2 inputs.

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

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

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

	December 31, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.625% Senior Notes due July 2013[1]	$	$	$ 401.0	$ 414.1
12% Senior Notes due February 2014[1]	153.4	172.0	156.3	179.8
Term Loan A Facility due October 2016[2]	843.9	843.9	945.7	945.7
7.875% Senior Notes due June 2017	394.5	424.8	393.5	426.0
Term Loan B Facility due October 2018[2]	771.6	771.6	1,118.8	1,118.8
8.125% Senior Notes due September 2019	750.0	846.8	750.0	824.5
6.50% Senior Notes due December 2020	425.0	463.1		
8.375% Senior Notes due September 2021	750.0	858.5	750.0	826.9
6.875% Senior Notes due July 2033	448.6	421.7	448.6	389.3
Other foreign loans	44.2	44.0	37.8	37.4
Other domestic loans	0.6	0.6	1.4	1.3
Total debt	$ 4,581.8	$ 4,847.0	$ 5,003.1	$ 5,163.8

(1) The carrying value and fair value of such debt include adjustments due to interest rate swaps. See Note 13, Derivatives and Hedging Activities.

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

As of December 31, 2012, we did not have any non financial assets and liabilities that were carried at fair value on a recurring basis in the consolidated financial statements or for which a fair value measurement was required at December 31, 2012. Included among our non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis are inventories, net property and equipment, goodwill and intangible assets.

Credit and Market Risk

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

We do not expect any of our counterparties in derivative transactions to fail to perform as it is our policy to have counterparties to these contracts that are rated at least BBB or higher by Standard & Poor s and Baa2 or higher by Moody s. Nevertheless, there is a risk that our exposure to losses arising out of derivative contracts could be material if the counterparties to these agreements fail to perform their obligations. We will replace counterparties if a credit downgrade is deemed to increase our risk to unacceptable levels.

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

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

Note 15 Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans

Profit Sharing and Retirement Savings Plans

Legacy Sealed Air has a qualified non-contributory profit sharing plan covering most of its U.S. employees. Contributions to this plan, which are made at the discretion of our Board of Directors, may be made in cash, shares of our common stock, or in a combination of cash and shares of our common stock. We also maintain qualified contributory retirement savings plans in which most of our U.S. employees are eligible to participate. The qualified contributory retirement savings plans generally provide for our contributions in cash based upon the amount contributed to the plans by the participants.

Our contributions to or provisions for the profit sharing plan and retirement savings plans are charged to operations and amounted to $33 million in 2012, $32 million in 2011 and $27 million in 2010. No shares of our common stock were contributed in 2012 and 2011, while 0.3 million shares were contributed in 2010 as part of our contribution to the profit sharing plan. These shares were issued out of treasury stock.

We have various international defined contribution benefit plans which cover certain employees. We have expanded use of these plans in select countries where they have been used to supplement or replace defined benefit plans.

Defined Benefit Pension Plans

We recognize the funded status of each defined pension benefit plan measured as the difference between the fair value of plan assets and the projected benefit obligations of the employee benefit plans on the consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive loss, net of taxes. Each overfunded plan is recognized as an asset and each underfunded plan is recognized as a liability on our consolidated balance sheets. Subsequent changes in the funded status are recognized in unrecognized pension items, a component of accumulated other comprehensive loss, that is included in total stockholders equity. The amount of unamortized pension items is recorded net of tax. The measurement date used by us to determine projected benefit obligations and plan assets is December 31.

United States

A number of our U.S. employees, including some employees who are covered by collective bargaining agreements, participate in defined benefit pension plans. The following table presents our funded status for 2012 and 2011 for our U.S. pension plans. The measurement date for the defined benefit pension plans presented below is December 31 of each period.

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	2012	2011
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$ 212.1	$ 54.8
Service cost	1.2	1.1
Interest cost	9.3	4.8
Actuarial loss	6.4	10.2
Benefits paid	(8.2)	(9.3)
Settlement/curtailment	(10.7)	
Acquisition of Diversey		150.5
Projected benefit obligation at end of period	$ 210.1	$ 212.1
Change in plan assets:		
Fair value of plan assets at beginning of period	$ 171.2	$ 40.8
Actual gain on plan assets	22.0	7.5
Employer contributions	3.3	4.4
Benefits paid	(8.2)	(9.3)
Settlement/curtailment	(10.7)	
Acquisition of Diversey		127.8
Fair value of plan assets at end of period	177.6	171.2
Underfunded status at end of year	$ (32.5)	$ (40.9)

Amounts included on the consolidated balance sheets consisted of other liabilities of $33 million in 2012 and $41 million in 2011.

The following table shows the components of our net periodic benefit cost for the three years ended December 31, 2012, for our U.S. pension plans charged to operations:

	2012	2011	2010
Components of net periodic benefit cost:			
Service cost	$ 1.2	$ 1.1	$ 1.0
Interest cost	9.3	4.8	2.8
Expected return on plan assets	(11.2)	(5.1)	(2.7)
Amortization of net prior service cost	0.2	0.2	0.3
Amortization of net actuarial loss	1.8	1.3	1.2
Net periodic benefit cost	$ 1.3	$ 2.3	$ 2.6

The amounts in accumulated other comprehensive loss, net of taxes, that have not yet been recognized as components of net periodic benefit cost at December 31, 2012, are:

Unrecognized prior service costs	$ 0.3
Unrecognized net actuarial loss	18.5
Total	$ 18.8

Changes in plan assets and benefit obligations recognized in other comprehensive loss in 2012 were as follows:

Current year actuarial loss	$ (3.5)
Amortization of actuarial loss	(1.8)
Amortization of prior service cost	(0.2)
Total recognized in other comprehensive loss	$ (5.5)

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost during 2013 are as follows:

Unrecognized prior service costs	$ 0.2
Unrecognized net actuarial loss	2.3
Total	$ 2.5

Information for plans with accumulated benefit obligations in excess of plan assets as of December 31, 2012 is as follows:

Accumulated benefit obligation	$ 205.9
Fair value of plan assets	177.5

Actuarial Assumptions

Weighted average assumptions used to determine benefit obligations at December 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	3.8%	4.6%
Rate of compensation increase	3.5	3.5

Weighted average assumptions used to determine net periodic benefit cost for the three years ended December 31, 2012 were as follows:

	2012	2011	2010
Discount rate	4.6%	4.9%	5.5%
Expected long-term rate of return	6.7	6.7	7.3
Rate of compensation increase	3.5	3.5	3.5

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Estimated Future Benefit Payments

We expect the following estimated future benefit payments, which reflect expected future service as appropriate, to be paid in the years indicated below:

Year	Amount
2013	$ 13.7
2014	11.0
2015	10.5
2016	12.9
2017	12.2
Thereafter	60.5
Total	$ 120.8

We expect to contribute less than $1 million of cash to our U.S. defined benefit plans in 2013.

Plan Assets

We review the expected long-term rate of return on plan assets annually, taking into consideration our asset allocation, historical returns, and the current economic environment.

Our long-term objectives for plan investments are to ensure that (a) there is an adequate level of assets to support benefit obligations to participants over the life of the plans, (b) there is sufficient liquidity in plan assets to cover current benefit obligations, and (c) there is a high level of investment return consistent with a prudent level of investment risk. The investment strategy is focused on a long-term total return in excess of a pure fixed income strategy with short-term volatility less than that of a pure equity strategy. To accomplish this objective, we cause assets to be invested in a balanced and diversified mix of equity and fixed income investments. The target asset allocation will typically be 40-50% in equity securities, with a maximum equity allocation of 70%, and 50-60% in fixed income securities, with a minimum fixed income allocation of 30% including cash.

The fair values of our U.S. pension plan assets, by asset category and by the level of fair values at December 31, 2012, are as follows:

	2012				2011			
Asset Category	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents[1]	$ 2.7	$	$ 2.7	$	$ 4.2	$	$ 4.2	$
Fixed income funds [2]	96.2		96.2		96.4		96.4	
Equity funds [3]	72.2		72.2		64.8		64.8	
Other [4]	6.5		0.2	6.3	5.8		0.1	5.7
Total	$ 177.6	$	$ 171.3	$ 6.3	$ 171.2	$	$ 165.5	$ 5.7

(1) Short-term investment fund that invests in a collective trust that holds short-term highly liquid investments with principal preservation and daily liquidity as its primary objectives. Investments are primarily comprised of certificates of deposit, U.S. government treasuries, commercial paper, and time deposits.

(2) A diversified portfolio of publicly traded government bonds, corporate bonds, and mortgage-backed securities. There are no restrictions on these investments and they are valued at the net asset value of the shares held at year end, which are supported by the value of the underlying securities and by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date.

(3) A diversified portfolio of publicly traded domestic and international common stock. There are no restrictions on these investments, and they are valued at the net asset value of the shares held at year end, which are supported by the values of the underlying securities and by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date.

(4) More than 90% is invested in real estate funds with less than $0.5 million invested in alternative investments such as private equity funds, hedge funds and commodities.

The following table shows the activity of our plan assets, which are measured at fair value using Level 3 inputs:

Balance at December 31, 2011	$ 5.7
Gains on assets sold during year	1.0
Losses on assets still held at end of year	(0.2)
Purchases, sales, issuance and settlements	(0.2)
Balance at December 31, 2012	$ 6.3

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International

Some of our non-U.S. employees participate in defined benefit pension plans in their respective countries. The following table presents our funded status for 2012 and 2011 for our non-U.S. pension plans. The measurement date for the defined benefit pension plans presented below is December 31 of each period:

	2012	2011
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$ 847.9	$ 285.9
Service cost	15.3	8.6
Interest cost	38.2	22.8
Actuarial gain loss	158.0	24.3
Settlement/curtailment	(6.8)	(6.9)
Benefits paid	(37.5)	(19.3)
Employee contributions	4.2	2.3
Other	(0.7)	3.0
Foreign exchange impact	18.2	(3.3)
Acquisition		530.5
Projected benefit obligation at end of period	$ 1,036.8	$ 847.9
Change in plan assets:		
Fair value of plan assets at beginning of period	$ 719.6	$ 218.3
Actual gain on plan assets	70.6	31.7
Employer contributions	41.3	22.1
Employee contributions	4.2	2.3
Benefits paid	(37.5)	(19.3)
Settlement/curtailment	(6.5)	(7.0)
Other	(1.1)	4.1
Foreign exchange impact	15.0	(2.2)
Acquisition/(divestiture)		469.6
Fair value of plan assets at end of period	805.6	719.6
Underfunded status at end of year	$ (231.2)	$ (128.3)

Amounts included on the consolidated balance sheets consisted of:

	2012	2011
Other assets	$ 33.4	$ 62.3
Other current liabilities	(4.5)	(5.1)
Other liabilities	(260.1)	(185.5)
Net amount recognized	$ (231.2)	$ (128.3)

The following table shows the components of our net periodic benefit cost for the three years ended December 31, 2012 for our non-U.S. pension plans charged to operations:

	2012	2011	2010

Components of net periodic benefit cost:			
Service cost	$ 15.3	$ 8.6	$ 5.5
Interest cost	38.2	22.8	15.5
Expected return on plan assets	(42.3)	(21.5)	(13.0)
Amortization of net prior service cost	0.1	0.1	0.1
Amortization of net actuarial loss	5.0	4.2	7.8
Net periodic benefit cost	$ 16.3	$ 14.2	$ 15.9

The amounts in accumulated other comprehensive loss, net of taxes, that have not yet been recognized as components of net periodic benefit cost at December 31, 2012 are:

Unrecognized prior service costs	$ 0.4
Unrecognized net actuarial loss	188.4
Total	$ 188.8

Changes in plan assets and benefit obligations recognized in other comprehensive loss in 2012 were as follows:

Current year actuarial loss	$ 129.5
Amortization of actuarial loss	(5.0)
Amortization of prior service cost	(0.1)
Settlement/curtailment loss	(1.7)
Other	(0.2)
Effects of changes in foreign currency exchange rates	3.8
Total recognized in other comprehensive loss	$ 126.3

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The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost during 2013 are as follows:

Unrecognized prior service costs	$
Unrecognized net actuarial loss	8.2
Total	$ 8.2

Information for plans with accumulated benefit obligations in excess of plan assets as of December 31, 2012 is as follows:

Accumulated benefit obligation	$ 575.2
Fair value of plan assets	356.2

Actuarial Assumptions

Weighted average assumptions used to determine benefit obligations at December 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	3.7%	4.3%
Rate of compensation increase	2.8	2.8

Weighted average assumptions used to determine net periodic benefit cost for the three years ended December 31, 2012 were as follows:

	2012	2011	2010
Discount rate	4.3%	4.6%	5.6%
Expected long-term rate of return	5.9	5.8	6.8
Rate of compensation increase	2.8	2.9	3.9

Estimated Future Benefit Payments

We expect the following estimated future benefit payments, which reflect expected future service as appropriate, to be paid in the years indicated:

Year	Amount
2013	$ 37.2
2014	35.3
2015	40.3
2016	37.9
2017	39.4
Thereafter	224.9
Total	$ 415.0

We expect to contribute approximately $29 million of cash to our non-U.S. defined benefit plans in 2013.

Plan Assets

We review the expected long-term rate of return on plan assets annually, taking into consideration our asset allocation, historical returns, and the current economic environment.

Our long-term objectives for plan investments are to ensure that (a) there is an adequate level of assets to support benefit obligations to participants over the life of the plans, (b) there is sufficient liquidity in plan assets to cover current benefit obligations, and (c) there is a high level of investment return consistent with a prudent level of investment risk. The investment strategy is focused on a long-term total return in excess of a pure fixed income strategy with short-term volatility less than that of a pure equity strategy. To accomplish this objective, we cause assets to be invested primarily in a diversified mix of equity and fixed income investments.

The fair values of our non-U.S. pension plan assets, by asset category and by the level of fair values are as follows:

	December 31, 2012				December 31, 2011			
Asset Category	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents[1]	$ 7.6	$ 5.8	$ 1.8	$	$ 14.7	$ 8.2	$ 6.5	$
Fixed income funds[2]	404.2		404.2		360.8		360.8	
Equity funds[3]	290.0		290.0		249.0		249.0	
Insurance asset[4]	21.6			21.6	15.4			15.4
Other[5]	82.2		20.4	61.8	79.7		48.8	30.9
Total	$ 805.6	$ 5.8	$ 750.2	$ 83.4	$ 719.6	$ 8.2	$ 665.1	$ 46.3

(1) Short-term investment fund that invests in a collective trust that holds short-term highly liquid investments with principal preservation and daily liquidity as its primary objectives. Investments are primarily comprised of certificates of deposit, government securities, commercial paper, and time deposits.

(2) Fixed income funds that invest in a diversified portfolio primarily consisting of publicly traded government bonds, corporate bonds and mortgage-backed securities. There are no restrictions on these investments, and they are valued at the net asset value of shares held at year end.

(3) Equity funds that invest in a diversified portfolio of publicly traded domestic and international common stock, with an emphasis in European equities. There are no restrictions on these investments, and they are valued at the net asset value of shares held at year end.

(4) Represents a guaranteed insurance contract for one of our European plans. This plan asset includes company and employee contributions and accumulated interest income at a guaranteed stated interest rate and provides for benefit payments and plan expenses.

(5) The majority of these assets are invested in real estate funds and other alternative investments.

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The following table shows the activity of our plan assets, which are measured at fair value using Level 3 inputs.

Balance at December 31, 2011	$ 46.3
Gains on assets still held at end of year	5.3
Purchases, sales, issuance and settlements	1.3
Transfers into Level 3, net	30.5
Balance at December 31, 2012	$ 83.4

Note 16 Other Post-Employment Benefits and Other Employee Benefit Plans

Other Postretirement Benefit Plans Legacy Diversey

In addition to providing pension benefits, we provide for a portion of healthcare, dental, vision and life insurance benefits for certain retired legacy Diversey employees, primarily in North America. Covered employees retiring on or after attaining age 50 and who have rendered at least ten years of service are entitled to post-retirement healthcare, dental and life insurance benefits. These benefits are subject to deductibles, co-payment provisions and other limitations.

Contributions made by us, net of Medicare Part D subsidies received in the U.S., are reported below as benefits paid. We may change the benefits at any time. We have elected to amortize the transition obligation over a 20-year period. The status of these plans, including a reconciliation of benefit obligations, a reconciliation of plan assets and the funded status of the plans, follows:

	Year Ended December 31,	
	2012	**2011**
Change in benefit obligations:		
Benefit obligation at beginning of period	$ 71.1	$
Service cost	1.0	0.3
Interest cost	3.3	0.8
Plan participants contributions		
Actuarial loss	9.2	3.9
Benefits paid	(4.4)	(1.2)
Loss due to exchange rate movements	0.1	0.1
Acquisition of Diversey		81.2
Plan amendments	(0.4)	(14.0)
Benefit obligation at end of period	$ 79.9	$ 71.1
Change in plan assets:		
Fair value of plan assets at beginning of period	$	$
Employer contribution	4.4	1.2
Plan participants contribution		
Benefits paid	(4.4)	(1.2)
Fair value of plan assets at end of period	$	$
Net amount recognized:		
Underfunded status	$ (79.9)	$ (71.1)
Net amount recognized in consolidated balance		

sheets consists of:		
Current liability	(5.2)	(4.7)
Noncurrent liability	(74.7)	(66.4)
Net amount recognized	$ (79.9)	$ (71.1)
Amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	13.2	3.9
Prior service credit	(13.4)	(13.9)
Total	$ (0.2)	$ (10.0)

The accumulated post-retirement benefit obligations were determined using a weighted-average discount rate of 3.8% at December 31, 2012 and 4.6% at December 31, 2011. The components of net periodic benefit cost for the two years ended December 31, 2012:

	2012	**2011**
Service cost	$ 1.0	$ 0.3
Interest cost	3.3	0.8
Amortization of net loss		
Amortization of prior service credit	(0.9)	(0.1)
Curtailments, settlements and special termination benefits		
Net periodic benefit cost	$ 3.4	$ 1.0

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The amounts in accumulated other comprehensive (loss) income at December 31, 2012 that are expected to be recognized as components of net periodic benefit cost during the next fiscal year are as follows:

Actuarial loss	$ 0.3
Prior service (credit)	(1.0)
Transition (asset) obligation	

Other Postretirement Benefit Plans Legacy Sealed Air

We generally do not offer our employees postretirement benefits other than programs that are required by the foreign countries in which we operate. In the U.S., we offer a postretirement healthcare program that is fully funded by the participating retired employees, except as noted below. These programs are not material to our consolidated financial condition and results of operations.

Healthcare Cost Trend Rates

For the year ended December 31, 2012, healthcare cost trend rates were assumed to be 4.0% for Belgian plans, 7.5% for U.S. plans in 2013 and decreasing to 5.0% by 2018, and 7.5% for Canadian plans in 2013 decreasing to 5.0% by 2018. The assumed healthcare cost trend rate has an effect on the amounts reported for the healthcare plans. A one percentage point change on assumed healthcare cost trend rates would have the following effect for the year ended December 31, 2012:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 0.1	$ (0.1)
Effect on post-retirement benefit obligation	2.3	(2.6)

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.

Expected post-retirement benefits (net of Medicare Part D subsidies) for each of the next five years and succeeding five years are as follows:

Year	Amount
2013	$ 5.3
2014	5.3
2015	5.2
2016	5.1
2017	5.1
Thereafter	25.6
Total	$ 51.6

Note 17 Income Taxes

The components of (loss) earnings from continuing operations before income tax provision were as follows:

	2012	2011	2010
Domestic	$ (1,422.2)	$ (73.6)	$ 84.0
Foreign	(449.8)	271.6	259.4

Total	$ (1,872.0)	$ 198.0	$ 343.4

The components of the income tax (benefit) provision were as follows:

	2012	2011	2010
Current tax expense:			
Federal	$ (6.8)	$ 37.0	$ 22.1
State and local	(6.2)	5.9	5.6
Foreign	69.5	77.5	63.1
Total current	56.5	120.4	90.8
Deferred tax (benefit) expense:			
Federal	(231.2)	(54.4)	2.1
State and local	(24.8)	(5.3)	(2.1)
Foreign	(62.4)	(1.2)	(3.3)
Total deferred tax benefit	(318.4)	(60.9)	(3.3)
Total (benefit) provision	$ (261.9)	$ 59.5	$ 87.5

Deferred tax assets (liabilities) consist of the following:

	December 31,	
	2012	2011
Settlement agreement and related accrued interest[1]	$ 442.3	$ 383.8
Restructuring reserves	8.7	10.8
Accruals not yet deductible for tax purposes	74.1	67.5
Net operating loss carry forwards	132.6	124.5
Foreign, federal and state credits and investment tax allowances	53.2	130.2
Employee benefit items	129.7	125.9
Other	13.2	0.3
Gross deferred tax assets	853.8	843.0
Valuation allowance	(200.0)	(219.1)
Total deferred tax assets	653.8	623.9
Depreciation and amortization	(68.1)	(72.3)
Unremitted foreign earnings	(135.2)	(149.8)
Intangibles	(274.5)	(573.3)
Other	(10.0)	(15.7)
Total deferred tax liabilities	(487.8)	(811.1)
Net deferred tax assets (liabilities)	$ 166.0	$ (187.2)

(1) This deferred tax asset reflects the cash portion of the Settlement agreement and related accrued interest and the fair market value of 18 million shares of our common stock at a post-split price of $17.86 per share based on the price when the Settlement agreement was reached in 2002. However, the value of this deferred tax asset will depend on the price of our common stock at the time it is issued under the Settlement agreement. See Note 18, Commitments and Contingencies, for further discussion.

In assessing the need for a valuation allowance, we estimate future taxable earnings, with consideration for the feasibility of ongoing planning strategies and the realizability of tax benefit carry forwards and past operating results, to determine which deferred tax assets are more likely than not to be realized in the future. Changes to tax laws, statutory tax rates and future taxable earnings can have an impact on valuation allowances related to deferred tax assets.

The increase in net deferred tax assets (a change from a net deferred tax liability) is primarily attributable to the impairment of certain indefinite lived intangibles, primarily trademarks, related to the acquisition of Diversey. We also decreased our unrecognized benefits with respect to our deferred tax asset for the Settlement agreement (increasing our net asset) and this increase was largely offset by increases in our valuation allowance. We also used a significant amount of foreign tax credits in connection with our sale of Diversey Japan, which decrease was also largely offset by a decrease in our valuation allowance. We had losses in the U.S. and various other foreign jurisdictions and increased our valuation allowance with respect to our net operating loss carry forwards at various foreign subsidiaries.

Based upon anticipated future results, we have concluded that it is more likely than not that we will realize the $654 million balance of deferred tax assets at December 31, 2012, net of the valuation allowance of $200 million. The valuation allowance primarily relates to the uncertainty of utilizing the following deferred tax assets: $408 million of foreign net operating loss carryforwards, or $70 million on a tax-effected basis, $31 million of foreign and federal tax credits and investment allowances, $1.0 billion of state net operating loss carry forwards, or $43 million on a tax-effected basis, $14 million of state tax credits and $41 million of benefits with respect to the Settlement agreement. For the year ended December 31, 2012, the valuation allowance decreased by $19 million, due to the use of foreign tax credits in connection with the sale of Diversey Japan, offset by an increase with respect to foreign net operating losses and our allowance with respect to the Settlement agreement. For the year ended December 31, 2011, the valuation allowance increased by $176 million primarily due to $162 million related to the acquisition of Diversey, $3 million that was charged to the income tax provision and $11 million resulting from a net increase to deferred tax assets with a 100% valuation allowance. For the year ended December 31, 2010, the valuation allowance decreased by $4 million, which reduced the income tax provision.

As of December 31, 2012, we have foreign net operating loss carryforwards totaling $408 million that expire during the following calendar years (in millions): 2013 - $8; 2014 - $6; 2015 - $18; 2016 - $15; 2017 - $14; 2018 and beyond - $98; and no expiration - $249. The state net operating loss carryforwards totaling $1.0 billion expire in various amounts over one to 20 years.

As of December 31, 2012, we have foreign and federal foreign tax credit carryforwards and investment allowances totaling $39 million that expire during the following calendar years (in millions): 2013 - $1; 2017 - $1; 2018 and beyond - $22; and no expiration - $15. The state tax credit carryforwards, totaling $14 million, expire in various amounts over one to 20 years.

Net deferred income taxes (credited) charged to stockholders equity were $(25) million in 2012, $6 million in 2011 and $(5) million in 2010.

The U.S. federal statutory corporate tax rate reconciles to our effective income tax rate as follows:

	2012	2011	2010
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	(0.7)	0.4	0.6
Foreign earnings taxed at lower effective rates	(0.6)	(7.5)	(9.2)
Nondeductible acquisition costs		2.7	
U.S. domestic manufacturing deduction		(2.6)	(1.1)
Impairment	(20.2)		
Net change in unrecognized tax benefits	2.0	0.4	
Other	(1.5)	1.6	0.2
Effective income tax rate	14.0%	30.0%	25.5%

Unrecognized Tax Benefits

We are providing the following disclosures related to our unrecognized tax benefits and the effect on our effective income tax rate if recognized:

	Gross	Net
Unrecognized tax benefits at January 1, 2012	$ 254.5	$ 246.7
Additions relating to the acquisition of Diversey	15.5	12.5
Additions for tax positions of current year	23.5	23.5
Additions for tax positions of prior years	2.9	2.5
Reductions for tax positions of prior years	(63.2)	(55.7)
Unrecognized tax benefits at December 31, 2012	$ 233.2	$ 229.5

In 2012, we reduced our unrecognized tax benefit by $56 million, primarily with respect to the Settlement agreement. The reduction with respect to our Settlement Agreement is a result of a reassessment of our unrecognized tax benefit position primarily due to our tax situation in the United States following the Diversey acquisition. Substantially all of this reduction was offset by required increases in our valuation allowances so that the net change did not have a material effect on our operating results or financial position.

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If the unrecognized tax benefits at December 31, 2012 were recognized, our income tax provision would decrease by $187 million, resulting in a substantially lower effective tax rate. It is reasonably possible that within the next 12 months our unrecognized tax benefit position will decrease by approximately $46 million, including the recognition of a portion of the unrecognized tax benefits relating to the Settlement agreement. As described in Note 18, Commitments and Contingencies, in 2012 the courts have taken various actions with respect to the PI Settlement Plan and we do not know whether or when a final plan of reorganization will become effective.

We recognize interest and penalties related to unrecognized tax benefits in income tax provision on the consolidated statements of operations. We had a liability of approximately $32 million (of which $15 million represents penalties) at January 1, 2012 and a liability of $28 million (of which $14 million represents penalties) at December 31, 2012 for the payment of interest and penalties (before any tax benefit). In 2012, interest and penalties of $3 million (gross) ($3 million (net)) were recognized in connection with the related tax accruals for uncertainties in prior years. In addition, interest and penalties of $9 million (gross) ($7 million (net)) were reversed in connection with the related tax accruals for uncertainties in prior years.

Income Tax Returns

The Internal Revenue Service (the Service) has concluded its examination of the legacy Sealed Air U.S. federal income tax returns for all years through 2006. Examination of legacy Diversey U.S. federal income tax returns has also been substantially completed through 2006, but the Service could challenge the Diversey U.S. income tax losses carried forward to subsequent periods. The Service is currently auditing the 2007 and 2010 consolidated U.S. federal income tax returns of legacy Sealed Air and the 2009 and 2010 consolidated U.S. federal income tax returns of legacy Diversey.

State income tax returns are generally subject to examination for a period of three to five years after their filing date. We have various state income tax returns in the process of examination.

Income tax returns in foreign jurisdictions have statutes of limitations generally ranging from three to five years after their filing date and except where still under examination or where we are litigating, we have generally concluded all other income tax matters globally for years through 2005. Our foreign income tax returns are under examination in various jurisdictions in which we conduct business and we are litigating certain issues in several jurisdictions.

Note 18 Commitments and Contingencies

Cryovac Transaction Commitments and Contingencies

Settlement Agreement and Related Costs

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

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

- a charge of $513 million covering a cash payment that we will be required to make under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy. Because we cannot predict when a plan of reorganization may become effective, we recorded this liability as a current liability on our consolidated balance sheet at December 31, 2002. Under the terms of the Settlement agreement, this amount accrues interest at a 5.5% annual rate from December 21, 2002 to the date of payment. We have recorded this interest in interest expense on our consolidated statements of operations and in Settlement agreement and related accrued interest on our consolidated balance sheets. The accrued interest, which is compounded annually, was $364 million at December 31, 2012 and $319 million at December 31, 2011.

a non-cash charge of $322 million representing the fair market value at the date we recorded the charge of nine million shares of Sealed Air common stock that we expect to issue under the Settlement agreement upon the effectiveness of an appropriate plan of reorganization in the Grace bankruptcy, which was adjusted to eighteen million shares due to our two-for-one stock split in March 2007. These shares are subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock. The fair market value of our common stock was $35.72 per pre-split share ($17.86 post-split) as of the close of business on December 5, 2002. We recorded this amount on our consolidated balance sheet at December 31, 2002 as follows: $0.9 million representing the aggregate par value of these shares of common stock reserved for issuance related to the Settlement agreement, and the remaining $321 million, representing the excess of the aggregate fair market value over the aggregate par value of these common shares, in additional paid-in capital.

$16 million of legal and related fees as of December 31, 2002.

Cryovac Transaction

On 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

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primary U.S. operating subsidiary, W. R. Grace & Co.-Conn., which has operated for decades and has been a subsidiary of Grace since the Cryovac transaction. The Cryovac transaction agreements provided that, should any claimant seek to hold the Company or any of its subsidiaries responsible for liabilities retained by Grace or its subsidiaries, including the asbestos-related liabilities, Grace and its subsidiaries would indemnify and defend us.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

March 11 Order). Among other things, the March 11 Order amended the Bankruptcy Court Opinion to clarify certain matters relating to objections to the PI Settlement Plan filed by BNSF.

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

On January 30, 2012, the District Court issued a memorandum opinion (the Original District Court Opinion) and confirmation order (the Original District Court Confirmation Order) overruling all objections to the PI Settlement Plan and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). On February 3, 2012, Garlock Sealing Technologies LLC (Garlock) filed a motion (the Garlock Reargument Motion) with the District Court requesting that the District Court grant reargument, rehearing, or otherwise amend the Original District Court Opinion and the Original District Court Confirmation Order insofar as they overruled Garlock s objections to the PI Settlement Plan. On February 13, 2012, the Company, Cryovac, and Fresenius Medical Care Holdings, Inc. filed a joint motion (the Sealed Air/Fresenius Motion) with the District Court. The Sealed Air/Fresenius Motion did not seek to disturb confirmation of the PI Settlement Plan but requested that the District Court amend and clarify certain matters in the Original District Court Opinion and

the Original District Court Confirmation Order. Also on February 13, 2012, Grace and the other proponents of the PI Settlement Plan filed a motion (the Plan Proponents Motion) with the District Court requesting certain of the same amendments and clarifications sought by the Sealed Air/Fresenius Motion. On February 27, 2012, certain asbestos claimants known as the Libby Claimants filed a response to the Sealed Air/Fresenius Motion and the Plan Proponents Motion (the Libby Response). The Libby Response did not oppose the Sealed Air/Fresenius Motion or the Plan Proponents Motion but indicated, among other things, that: (a) the Libby Claimants had reached a settlement in principle of their objections to the PI Settlement Plan but that this settlement had not become effective and (b) the Libby Claimants reserved their rights with respect to the PI Settlement Plan pending the effectiveness of the Libby Claimants settlement. On April 20, 2012, as part of a more global settlement, Grace filed a motion with the Bankruptcy Court seeking, among other things, approval of settlements with the Libby Claimants and BNSF. The settlements with the Libby Claimants and BNSF were approved by order of the Bankruptcy Court dated June 6, 2012. Thereafter, the appeals of the Libby Claimants and BNSF with respect to the PI Settlement Plan were dismissed by orders of the United States Court of Appeals for the Third Circuit (the Third Circuit Court of Appeals) dated September 24, 2012 and October 4, 2012. The District Court held a hearing on May 8, 2012, to consider the Garlock Reargument Motion. On May 29, 2012, Anderson Memorial Hospital (Anderson Memorial) filed a motion seeking relief from, and reconsideration of, the Original District Court Opinion

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and the Original District Court Confirmation Order (the Anderson Relief Motion). In the Anderson Relief Motion, Anderson Memorial argued that a May 18, 2012, decision by the Third Circuit Court of Appeals in a case called Wright v. Owens-Corning undermined the District Court s conclusion that (a) the PI Settlement Plan was feasible and (b) the asbestos property damage injunction and trust included in the PI Settlement Plan were appropriate. Objections to the Anderson Relief Motion were filed by Grace and the other proponents of the PI Settlement Plan, and by the representative of future asbestos property damage claimants appointed in the Grace bankruptcy proceedings. On June 11, 2012, the District Court entered a consolidated order (the Consolidated Order) granting the Sealed Air/Fresenius Motion, the Plan Proponents Motion, and the Garlock Reargument Motion, and providing for amendments to the Original District Court Opinion and the Original District Court Confirmation Order. Although the Consolidated Order granted the Garlock Reargument Motion, it did not constitute the District Court s agreement with Garlock s objections to the PI Settlement Plan, which the District Court continued to overrule. Also on June 11, 2012, the District Court entered an amended memorandum opinion (the Amended District Court Opinion) and confirmation order (the Amended District Court Confirmation Order) overruling all objections to the PI Settlement Plan, reflecting amendments described in the Consolidated Order, and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). Thereafter, on July 23, 2012, the District Court issued a memorandum opinion and an order denying the Anderson Relief Motion.

Parties have appealed the Amended District Court Opinion and the Amended District Court Confirmation Order to the Third Circuit Court of Appeals. Parties have filed briefs in connection with the appeals but the Third Circuit Court of Appeals has not scheduled any hearing for oral argument with respect to the appeals and it is uncertain whether any such hearing will be scheduled or, if scheduled, the timing for such a hearing. Although Grace publicly indicated its intent to seek to emerge from bankruptcy before the appeals are fully and finally resolved, it subsequently indicated that it was not able to receive the necessary consents and waivers to do so, including from the Company. Although Grace has in the past indicated that, with an appeals process before the Third Circuit Court of Appeals, its target date to emerge from bankruptcy was the fourth quarter of 2013, we cannot assure you that this timing for emergence is or will be correct or that the target date for Grace s emergence has not been or will not be revised.

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

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

Plan or to Bankruptcy and Amended District Court Opinions and Confirmation Orders, to verify compliance with the Settlement agreement.

Fresenius Claims

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

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

Canadian Claims

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

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

Additional Matters Related to the Cryovac Transaction

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

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

Environmental Matters

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

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

Guarantees and Indemnification Obligations

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

- product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products will conform to specifications. Sealed Air generally does not establish a liability for product warranty based on a percentage of sales or other formula. Sealed Air accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and annual expense related to product warranties are immaterial to our consolidated financial position and results of operations, and

- licenses of intellectual property by us to third parties in which we have agreed to indemnify the licensee against third party infringement claims.

Other Principal Contractual Obligations

At December 31, 2012, we had other principal contractual obligations, which included agreements to purchase an estimated amount of goods, including raw materials, or services in the normal course of business, aggregating to approximately $314 million. The estimated future cash outlays are as follows:

Year	**Amount**
2013	$ 172.8
2014	71.0
2015	31.9
2016	15.3
2017	10.8
Thereafter	12.0
Total	$ 313.8

Leases

We are obligated under the terms of various leases covering primarily warehouse and office facilities and production equipment, as well as smaller manufacturing sites that we occupy. We account for the majority of our leases as operating leases, which may include purchase or renewal options. At December 31, 2012, estimated future minimum annual rental commitments under non-cancelable real and personal property leases were as follows:

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Year	Amount
2013	$ 68.9
2014	51.1
2015	34.7
2016	22.3
2017	17.2
Thereafter	35.6
Total	$ 229.8

Net rental expense was $84 million in 2012, $52 million in 2011 and $35 million in 2010.

Note 19 Stockholders Equity

Dividends

The following table shows our total cash dividends paid in the three years ended December 31, 2012:

	Total Cash Dividends Paid	Total Cash Dividends Paid per Common Share
2010	$ 79.7	$ 0.50
2011	87.4	0.52
2012	100.9	0.52
Total	$ 268.0	

On February 14, 2013, our Board of Directors declared a quarterly cash dividend of $0.13 per common share payable on March 15, 2013 to stockholders of record at the close of business on March 1, 2013. The estimated amount of this dividend payment is $25 million based on 195 million shares of our common stock issued and outstanding as of January 31, 2013.

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

Common Stock

The following is a summary of changes during the three years ended December 31, 2012 in shares of our common stock:

	2012	2011	2010
Changes in common stock:			
Number of shares, beginning of year	202,528,616	169,272,636	168,749,681
Shares issued as part of the consideration for the Diversey acquisition		31,699,946	
Shares awarded for 2009 Three-Year PSU awards	1,155,018		
Shares awarded for 2009 Two-Year PSU awards		1,114,139	
Restricted stock shares issued for new awards under the 2005 Contingent Stock Plan	703,620	308,650	403,360

Shares granted and issued under the Directors Stock Plan	37,824	18,630	12,500
Restricted stock shares issued for SLO awards	135,343	24,515	12,895
Shares issued for vested restricted stock units	100,200	90,100	94,200
Number of shares issued, end of year	204,660,621	202,528,616	169,272,636
Changes in common stock in treasury:			
Number of shares held, beginning of year	10,466,431	9,967,129	9,811,507
Purchase of shares during the period			429,458
Profit sharing contribution partially paid in stock	(930,089)		(346,362)
Restricted stock, withheld or forfeited	566,610	499,302	72,526
Number of shares held, end of year	10,102,952	10,466,431	9,967,129

Stock Appreciation Rights (SARS)

In connection with the acquisition of Diversey, Sealed Air exchanged Diversey s cash-settled stock appreciation rights and stock options that were unvested as of May 31, 2011 and unexercised at October 3, 2011 into cash-settled stock appreciation rights based on Sealed Air common stock. At December 31, 2012, the weighted average remaining vesting life of outstanding SARs was one year.

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

We recognized compensation expense of $19 million in the year ended December 31, 2012 related to SARs that were granted to Diversey employees who remained employees as of December 31, 2012. These amounts were based on the assumptions mentioned above and are included in marketing, administrative and development expenses on our consolidated statements of operations. Cash payments due to the exercise of these SARs in the year ended December 31, 2012 were $24 million. As of December 31, 2012, the remaining liability for these SARs was $41 million and is included in other liabilities on our consolidated balance sheet.

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In addition to the amounts discussed above, was the recognition of restructuring expense of $9 million in the year ended December 31, 2012 for SARs that were part of the termination and benefit costs for Diversey employees under the 2011 2014 Integration & Optimization Program. This expense was included in restructuring and other charges on our consolidated statements of operations. Cash payments upon the exercise of these SARs were $19 million in the year ended December 31, 2012. The remaining liability for SARs included in the restructuring program was $1 million as of December 31, 2012.

2005 Contingent Stock Plan

The 2005 Contingent Stock Plan is our sole long-term equity compensation program for officers and employees. The 2005 Contingent Stock Plan provides for awards of equity-based compensation, including restricted stock, restricted stock units, performance share units and cash awards measured by share price, to our executive officers and other key employees, as well as U.S.-based key consultants. During the three years ended December 31, 2012, under the 2005 Contingent Stock Plan, we granted restricted stock, restricted stock units and cash awards, in addition to the SLO and PSU awards described below. An employee or consultant selected by the Organization and Compensation Committee of our Board of Directors to receive an award may accept the award during the period specified by us, provided the participant s relationship to us has not changed.

Awards made under the 2005 Contingent Stock Plan are restricted as to disposition by the holders for a period of at least three years after award, except for SLO and PSU awards, which are described below. In the event of termination of employment of a participant before lapse of the restriction, the awards under the 2005 Contingent Stock Plan are forfeited on the date of termination unless (i) the termination results from the participant s death or permanent and total disability, or (ii) the Compensation Committee affirmatively determines not to seek forfeiture of the award in whole or in part. The forfeiture provision of the 2005 Contingent Stock Plan expires upon vesting of the awards, except that these provisions of the 2005 Contingent Stock Plan lapse sooner upon certain terminations of employment following a change in control.

For both restricted stock awards and units, we record compensation expense in marketing, administrative and development expenses on the consolidated statements of operations with a corresponding credit to additional paid-in capital within stockholders equity based on the fair value of our common stock at the award grant date. For cash awards, we record a liability that is reflected in other liabilities on the consolidated balance sheets and record compensation expense based on the fair value of the award at the end of each reporting period. The amount of the liability for cash awards is remeasured at each reporting period based on the then current stock price and the effects of the stock price changes are recognized as compensation expense. At December 31, 2012, the liability related to cash awards was $0.8 million.

Under our executive compensation program, we have the ability to grant to our executive officers and a small number of other key executives (1) stock leverage opportunity awards, known as SLO awards, as part of our annual incentive plan and (2) annual performance share unit awards, known as PSU awards, as part of our long term incentive program. Our executive officers and other key executives may also receive awards of restricted stock or restricted stock units from time to time.

The following tables show the details of the non-vested awards under the 2005 Contingent Stock Plan, excluding SLO and PSU awards:

Non-vested Restricted Stock Shares Awards	**2012**	**Weighted-Average per Share Market Value on Grant Date**
Number of non-vested restricted stock shares, beginning of year	1,183,660	$ 20.45
Restricted stock shares issued for new awards during the year	703,620	17.27
Restricted stock shares vested during the year	(458,750)	18.23
Restricted stock shares forfeited during the year	(41,700)	22.89
Number of non-vested restricted stock shares, end of year	1,386,830	$ 20.08

The non-vested restricted stock shares included above had a weighted-average remaining contractual life of approximately 1.7 years at December 31, 2012.

Non-vested Restricted Stock Units Awards	2012	Weighted-Average per Share Market Value on Grant Date
Number of non-vested restricted stock units, beginning of year	342,000	$ 21.17
Restricted stock units issued for new awards during the year	191,700	16.95
Restricted stock units vested during the year	(100,700)	18.08
Restricted stock units forfeited during the year	(12,200)	19.98
Number of non-vested restricted stock units, end of year	420,800	$ 20.23

The non-vested restricted stock units included above had a weighted-average remaining contractual life of approximately 1.7 years at December 31, 2012.

Non-vested Cash Awards	2012
Number of non-vested cash awards, beginning of year	58,050
Cash awards issued for new awards during the year	91,480
Cash awards vested during the year	(9,850)
Cash awards forfeited during the year	(8,000)
Number of non-vested cash awards, end of year	131,680

The non-vested cash awards included above had a weighted-average remaining contractual life of approximately 2.0 years at December 31, 2012.

The 2005 Contingent Stock Plan permits withholding of taxes and other charges that may be required by law to be paid attributable to awards by withholding a portion of the shares attributable to such awards.

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A summary of the changes in common shares available for awards under the 2005 Contingent Stock Plan follows:

	2012[(1)]	2011[(1)]	2010[(1)]
Number of shares available, beginning of year	7,909,064	4,997,297	5,578,005
Additional restricted stock shares available due to 2011 amendment to the 2005 Contingent Stock Plan		4,000,000	
Restricted stock shares issued for new awards	(703,620)	(308,650)	(403,360)
Restricted stock units awarded	(191,700)	(133,650)	(115,150)
Restricted stock shares issued for SLO awards	(3,788)	(6,080)	(12,895)
Restricted stock units awarded for SLO awards	(6,795)	(28,516)	(134,329)
Shares issued for 2009 Two-year PSU awards		(1,114,139)	
Shares issued for 2009 Three-year PSU awards	(1,155,018)		
Restricted stock shares forfeited	41,700	41,400	19,133
Restricted stock units forfeited	12,200	3,500	12,500
Shares withheld for taxes	524,910	457,902	53,393
Number of shares available, end of year	6,426,953	7,909,064	4,997,297
Weighted average per share market value of awards on grant date	$ 17.19	$ 24.93	$ 21.46

(1) The SLO and PSU awards are discussed below.

Directors Stock Plan

Non-cash compensation included on the consolidated statements of stockholders equity includes expense associated with shares issued to non-employee directors in the form of awards under our 2002 Stock Plan for Non-Employee Directors, which our stockholders approved at the 2002 annual meeting. In May 2011, our stockholders approved an amendment to the 2002 Directors Stock Plan increasing the number of shares of common stock reserved for issuance under the plan by 0.2 million shares to a total of 0.4 million shares.

The 2002 Directors Stock Plan provides for annual grants of shares to non-employee directors, and interim grants of shares to eligible directors elected at times other than at an annual meeting, as all or part of the annual or interim retainer fees for non-employee directors. During 2002, we adopted a plan that permits non-employee directors to elect to defer all or part of their annual retainer until the non-employee director retires from the Board of Directors. The non-employee director can elect to defer the portion of the annual retainer payable in shares of stock. If a non-employee director makes this election, the non-employee director may also elect to defer the portion, if any, of the annual retainer payable in cash. Cash dividends on deferred shares are credited to the non-employee director s deferred cash account on the applicable dividend payment date. We record the excess of fair value over the price at which shares are issued under this plan in marketing, administrative and development expenses on the consolidated statements of operations, and this expense was $1 million in 2012, $0.7 million in 2011 and $0.5 million in 2010.

A summary of the changes in shares available for the 2002 Directors Stock Plan follows:

	2012	2011	2010
Number of shares available, beginning of year	223,156	49,548	74,120
Additional shares available due to 2011 amendment to the Directors Stock Plan		200,000	
Shares granted and issued	(34,697)	(18,630)	(12,500)
Shares granted and deferred	(27,060)	(7,762)	(12,072)
Number of shares available, end of year	161,399	223,156	49,548

Weighted average per share market value of stock on grant date	$ 16.26	$ 25.77	$ 21.72

Other Common Stock Issuances

We have historically issued shares of our common stock under our 2005 Contingent Stock Plan to selected U.S.-based consultants as compensation under consulting agreements for research and development projects. We record the cost associated with these issuances on a straight-line basis based on each of the issuances vesting schedule. Amortization expense related to these issuances was immaterial in each of the three years ended December 31, 2012.

Share-based Incentive Compensation

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

These share-based incentive compensation programs are described in more detail below.

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

	2012	2011	2010
2012 Three-year PSU Awards	$ 1.9	$	$
2011 Three-year PSU Awards	1.7	3.0	
2010 Three-year PSU Awards	0.9	6.0	3.0
2009 Two-year PSU Awards		(0.7)	10.4
2009 Three-year PSU Awards		7.4	7.0
2012 President & COO Four-year Incentive Compensation(1)	0.2		
SLO Awards	0.7	0.3	1.0
Other long-term share-based incentive compensation programs	11.5	9.0	9.2
Total share-based incentive compensation expense(2)	$ 16.9	$ 25.0	$ 30.6
Associated tax benefits recognized	$ 6.2	$ 9.3	$ 11.3

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(1) The amount includes only the two initial equity awards. See below for further detail.
(2) The amounts do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock as such these contributions are not considered share-based incentive compensation.

The following table shows the estimated amount of total share-based incentive compensation expense expected to be recognized on a straight-line basis over the remaining respective vesting periods by program at December 31, 2012:

	2013	2014	2015	Total
2012 Three-year PSU Awards	$ 2.2	$ 2.2	$	$ 4.4
2012 President & COO Four-year Incentive Compensation	0.6	0.4	0.3	1.3
2011 Three-year PSU Awards	2.3			2.3
SLO Awards	0.2			0.2
Other long-term share-based incentive compensation programs	10.4	6.6	2.5	19.5
Total share-based incentive compensation expense(1)	$ 15.7	$ 9.2	$ 2.8	$ 27.7

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

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

PSU Awards

As part of our long term incentive program adopted in 2008, during the first 90 days of each year, the Organization and Compensation Committee of our Board of Directors, or Compensation Committee, has approved PSU awards for our executive officers and other selected key executives, which include for each officer or executive a target number of shares of common stock and performance goals and measures that will determine the percentage of the target award that is earned following the end of the performance period. Following the end of 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 that they have earned. As of December 31, 2012, we have accrued $1.2 million for these dividends in other current liabilities on our consolidated balance sheet.

2012 Three-year PSU Awards

In March 2012, the Compensation Committee approved awards with a three-year performance period beginning January 1, 2012 for the named executive officers other than Mr. Hickey and for other officers and key executives. Mr. Hickey s 2012 Compensation is discussed below under 2012 Chief Executive Officer Incentive Compensation. The Compensation Committee established principal performance goals, which are (1) three-year average return on invested capital (ROIC) weighted at 50%, (2) constant dollar growth of net trade sales weighted at 25% and (3) relative total shareholder return (TSR) weighted at 25%. An additional goal is a 2014 safety result of a total recordable incident rate (a workplace safety indicator) (TRIR) of 0.90 or better, excluding facilities acquired during the performance period.

The targeted number of shares of common stock that can be earned is 546,689 shares for these 2012 PSU awards (406,534 shares granted on March 27, 2012 and 140,155 shares granted to Jerome A. Peribere on September 1, 2012, as discussed below). 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 54,669 additional shares at the discretion of the Compensation Committee. These performance goals are outlined in further detail in the Proxy Statement for our 2012 Annual Meeting of Stockholders.

The expenses included in the tables above were calculated using a grant date common stock share price of $19.72 per share for the awards granted on March 27, 2012 ($14.27 for the award granted on September 1, 2012) for the three year average ROIC goal and net trade sales goal (these are considered performance conditions) and the Monte Carlo valuation of $23.40 per share for the awards granted on March 27, 2012 ($12.57 for the award granted on September 1, 2012) for the TSR goal (this is considered a market condition). The expense calculation is based on management s estimate as of December 31, 2012 of the level of probable achievement of the performance goals and measures, which was determined to be below the target level, or 67% achievement (183,141 shares, net of forfeitures), for the ROIC goal and below the threshold for minimum payment, or 0% achievement (0 shares), for the net trade sales growth goal. The TSR portion of the plan is expensed at 100% (136,672 shares, net of forfeitures) of the grant date fair value as required by US GAAP.

2011 Three-year PSU Awards

In March 2011, the Compensation Committee approved awards with a three-year performance period beginning January 1, 2011. The Compensation Committee established principal performance goals, which are (1) three-year cumulative volume growth of net trade sales and (2) three-year average ROIC. These performance goals are outlined in further detail in the Proxy Statement for our 2011 Annual Meeting of Stockholders. The targeted number of shares of common stock that can be earned is 378,477 shares for these 2011 PSU awards. If the threshold level is achieved for either of the two performance goals, 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 37,848 shares for all participants. The additional goal is a 2013 safety result of a TRIR (a workplace safety indicator) of 1.20 or better, excluding facilities acquired during the performance period.

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 37,848 additional discretionary shares mentioned above.

The expenses included in the table above were calculated using a grant date common stock share price of $26.18 per share on March 11, 2011 and is based on management s estimate as of December 31, 2012 of the level of probable achievement of the performance goals, which was determined to be below the target level, or 84% achievement (158,960 shares, net of forfeitures), for the ROIC goal and below the target level, or 58% achievement (109,758 shares, net of forfeitures), for the volume goal.

2010 Three-year PSU Awards

In February 2013, we issued 472,865 shares of common stock for the 2010 three-year PSU awards. These awards were based on the achievement of the performance goals above the target level, or 116.5% achievement, in the three-year performance period of 2010 through 2012. We concurrently acquired 172,204 of these shares of common stock as withholding from employees to satisfy their minimum tax withholding obligations, as provided for in our 2005 contingent stock plan above.

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2009 Three-year PSU Awards

In February 2012, we issued 1,155,018 shares of common stock for the 2009 three-year PSU awards. These awards were based on the achievement of the performance goals at the maximum level, or 200% achievement, in the three-year performance period of 2009 through 2011. We concurrently acquired 414,210 of these shares of common stock as withholding from employees to satisfy their minimum tax withholding obligations, as provided for in our 2005 contingent stock plan. These acquired shares are held in common stock in treasury at a fair market value of $9 million.

2009 Two-year PSU Awards

In February 2011, we issued 1,114,139 shares of common stock for the 2009 two-year PSU awards. These awards were based on the achievement of the performance goals at the maximum level, or 200% achievement, in the two-year performance period of 2009 through 2010. We concurrently acquired 408,751 of these shares of common stock as withholding from employees to satisfy their minimum tax withholding obligations, as provided for in our 2005 contingent stock plan. These acquired shares are held in common stock in treasury at a fair market value on the date acquired of $12 million.

2012 Chief Executive Officer (CEO) Incentive Compensation

On March 27, 2012, the Compensation Committee approved the recommendation of William V. Hickey, our former Chief Executive Officer, to place a substantial portion of his compensation at risk by reducing his base salary to $100,000 in 2012 and granting him most of his 2012 compensation as long-term incentive pay in the form of an equity award tied to the achievement of financial goals related to the success of the Diversey transaction. The Compensation Committee determined that Mr. Hickey would not participate in the annual incentive and long-term incentive programs applicable to the Company s other executive officers. Instead, Mr. Hickey was granted a special award of performance share units.

The primary metrics for Mr. Hickey s performance share units award are 2012 consolidated adjusted EBITDA, weighted at 70%, and 2012 net debt reduction from operations, weighted at 30%. These performance goals and other details are outlined further in the Proxy Statement for our 2012 Annual Meeting of Stockholders.

Since management s estimate as of December 31, 2012 of the level of probable achievement of both performance goals were determined to be below the threshold for minimum payment, or 0% achievement (0 shares) for both the adjusted EBITDA and net debt reduction goals, no expense was recorded for 2012.

2012 President and Chief Operating Officer (COO) Four-year Incentive Compensation

On September 1, 2012, Jerome A. Peribere started with the Company as President and Chief Operating Officer. Under the terms of his agreement, he was granted equity awards which included the following: (1) initial equity awards under the Company s 2005 Contingent Stock Plan, which included two awards of performance share units under which he could earn up to 350,000 shares of common stock based on the Company s performance, (2) restricted stock under the Company s 2005 Contingent Stock Plan of which 50,000 shares were issued on his start date and 25,000 shares are expected to be issued on his first anniversary of his start date and (3) an award under the Company s 2012 Three-year PSU Award with a target award of 140,155 units. The awards are described in further detail in Mr. Peribere s employment agreement filed with the SEC as an exhibit with the Company s Current Report on Form 8-K dated August 27, 2012.

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

Stock Leverage Opportunity Awards

Before the start of each performance year, each of our executive officers and other selected key executives is eligible to elect to receive all or a portion of his or her annual cash bonus for that year, in increments of 25% of the annual bonus, as an award of restricted stock or restricted stock units under the 2005 contingent stock plan in lieu of cash. The portion provided as an equity award may be given a premium to be determined by the Compensation Committee each year and will be rounded up to the nearest whole share. The stock price used in the calculation of the number of shares will be the closing sale price of our common stock on the New York Stock Exchange on the first trading day of the performance year. The award will be granted following the end of the performance year and after determination by the Compensation Committee of the amount of the annual bonus award for each executive officer and other selected key executive who has elected to take all or a portion of his or her annual bonus as an equity award, but no later than the March 15 following the end of the performance year.

The equity award will be made in the form of an award of restricted stock or restricted stock units that will vest on the second anniversary of the grant date or earlier in the event of death, disability or retirement from employment with us, and the shares subject to the award will not be transferable by the recipient until the later of vesting or the second anniversary of the grant date. If the recipient ceases to be employed by us before vesting, then the shares will be forfeited, except for certain circumstances following a change in control. The award will be made in the form of restricted stock unless the award would be taxable to the recipient before the shares become transferable by the recipient, in which case the award will be made in the form of restricted stock units. Recipients who hold SLO awards in the form of restricted stock receive dividends. Recipients who hold SLO awards in the form of restricted stock units receive a cash payment in the amount of the dividends (without interest) on the shares they have earned at about the same time that shares are issued to them following the period of restriction. As of December 31, 2012, we have accrued for these dividends in other current liabilities on our consolidated balance sheet and the amount was immaterial.

The Compensation Committee set the SLO award premium at 25% for the years ending December 31, 2012 and 2011. The 2012 SLO target awards comprise an aggregate of 73,698 restricted stock shares and restricted stock units as of December 31, 2012. The 2011 SLO awards that were issued on March 9, 2012 comprised an aggregate of 11,212 restricted stock shares and restricted stock units.

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

For the year ended December 31, 2012, compensation expense related to the 2012 SLO awards was recognized based on the extent to which the performance goals and measures for our 2012 annual cash bonuses were considered probable of achievement at December 31, 2012. This expense is being recognized over a fifteen month period on a straight-line basis since a majority of the awards will vest at grant date, which will be no later than March 15, 2013, due to the retirement eligibility provision.

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For the year ended December 31, 2011, compensation expense related to the 2011 SLO awards was recognized based on the extent to which the performance goals and measures for our 2011 annual cash bonuses were considered probable of achievement at December 31, 2011. This expense was recognized over a fifteen month period on a straight-line basis since a majority of the awards vested at grant date, which was March 9, 2012, due to the retirement eligibility provision.

For the year ended December 31, 2010, compensation expense related to the 2010 SLO awards was recognized based on the extent to which the performance goals and measures for our 2010 annual cash bonuses were considered probable of achievement at December 31, 2010. This expense was recognized over a fifteen month period on a straight-line basis since a majority of the awards vested at grant date, which was March 13, 2011, due to the retirement eligibility provision.

Note 20 Other Expense, net

The following table provides details of other expense, net:

	2012	2011	2010
Interest and dividend income	$ 12.0	$ 9.0	$ 8.1
Net foreign exchange transaction losses[1]	(13.4)	(20.2)	(5.9)
Settlement agreement and related costs	(0.7)	(0.9)	(0.6)
Noncontrolling interests	2.6	3.2	2.3
Costs associated with our accounts receivable securitization program	(0.7)	(0.7)	(0.8)
Gain on sale of a North American facility		3.9	
Other, net	(9.2)	(8.8)	(6.0)
Other expense, net	$ (9.4)	$ (14.5)	$ (2.9)

(1) The non-cash losses in 2011 includes gains and losses from foreign currency forward contracts entered into to hedge certain intercompany loans, as well as gains and losses on the remeasurement of intercompany loans.

Impairment of Equity Method Investment

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

During the first half of 2012, the joint venture performed below expectations, resulting in reduced cash flow and increasing debt obligations. Due to these events, we evaluated our equity method investment for impairment. During the three months ended June 30, 2012, based on reviewing undiscounted cash flow information, we determined that the fair value of our investment was less than its carrying value and that this impairment was other-than-temporary.

In connection with the establishment of the joint venture in 2007, we issued a guarantee in support of an uncommitted credit facility agreement that was entered into by the joint venture. Under the terms of the guarantee, if the joint venture were to default under the terms of the credit facility, the lender would be entitled to seek payment of the amounts due under the credit facility from us. However, as a result of the impairment, we have included the guarantee liability in other current liabilities on the consolidated balance sheet as of December 31, 2012 as we believe it is probable that we will need to perform under this guarantee. As of December 31, 2012, the joint venture has performed its obligations under the terms of the credit facility and the debt holders have not requested that we perform under the terms of the guarantee.

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

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Note 21 Net (Loss) Earnings per Common Share

The following table sets forth the calculation of basic and diluted net earnings per common share under the two-class method for the three years ended December 31, 2012 in millions, except per share data:

	2012	2011	2010
Basic Net (Loss) Earnings Per Common Share:			
Numerator			
Net (loss) earnings available to common stockholders	$ (1,410.3)	$ 149.1	$ 255.9
Distributed and allocated undistributed net (loss) earnings to non-vested restricted stockholders	(0.5)	(0.9)	(1.6)
Distributed and allocated undistributed net (loss) earnings to common stockholders	(1,410.8)	148.2	254.3
Distributed net (loss) earnings dividends paid to common stockholders	(100.4)	(86.8)	(79.2)
Allocation of undistributed net (loss) earnings to common stockholders	**$ (1,511.2)**	**$ 61.4**	**$ 175.1**
Denominator[1]			
Weighted average number of common shares outstanding basic	192.8	167.0	158.3
Basic net (loss) earnings per common share:			
Distributed net (loss) earnings to common stockholders	$ 0.52	$ 0.52	$ 0.50
Allocated undistributed net (loss) earnings to common stockholders	(7.83)	0.37	1.11
Basic net (loss) earnings per common share:	**$ (7.31)**	**$ 0.89**	**$ 1.61**
Diluted Net (Loss) Earnings Per Common Share:			
Numerator			
Distributed and allocated undistributed net (loss) earnings to common stockholders	$ (1,410.8)	$ 148.2	$ 254.3
Add: Allocated undistributed net (loss) earnings to non-vested restricted stockholders		0.4	1.1
Less: Undistributed net (loss) earnings reallocated to non-vested restricted stockholders		(0.3)	(1.0)
Net (loss) earnings available to common stockholders diluted	**$ (1,410.8)**	**$ 148.3**	**$ 254.4**
Denominator[1][2]			
Weighted average number of common shares outstanding basic	192.8	167.0	158.3
Effect of assumed issuance of Settlement agreement shares		18.0	18.0
Effect of non-vested restricted stock units		0.4	0.4
Weighted average number of common shares outstanding diluted	192.8	185.4	176.7
Diluted net (loss) earnings per common share	**$ (7.31)**	**$ 0.80**	**$ 1.44**

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

(2) Provides for the following items if their inclusion is dilutive: (i) the effect of assumed issuance of 18 million shares of common stock reserved for the Settlement agreement as defined and (ii) the effect of non-vested restricted stock and restricted stock units using the

treasury stock method. In calculating diluted net (loss) earnings per common share for 2012, our diluted weighted average number of common shares outstanding excludes the effect of the items mentioned above as the effect was anti-dilutive.

PSU Awards

Since the PSU awards discussed in Note 19, Stockholders Equity, are contingently issuable shares that are based on a condition other than earnings or market price, these shares will be included in the diluted weighted average number of common shares outstanding when they have met the performance conditions as of these dates. The shares for the 2009 three-year PSU awards and the shares for the 2010 three-year PSU awards are included in the diluted weighted average number of common shares outstanding for the year ended December 31, 2011 because the target levels of their respective performance conditions were met as of December 31, 2011. The shares for the 2011 three-year PSU awards are not included in the diluted weighted average number of common shares outstanding for the year ended December 31, 2011 because they have not met the target levels of their performance conditions as of that date. However, in 2012, unvested PSU awards that have met the performance conditions as of December 31, 2012 have not been included in the diluted weighted average number of common shares outstanding for the year ended December 31, 2012 as the effect was anti-dilutive.

SLO Awards

The shares or units associated with the 2012 SLO awards are considered contingently issuable shares and therefore are not included in the basic or diluted weighted average number of common shares outstanding for the year ended December 31, 2012. These shares or units, discussed in Note 19, Stockholders Equity, will not be included in the common shares outstanding until the final determination of the amount of annual incentive compensation is made in the first quarter of 2013. Once this determination is made, the shares or units will be included in the basic weighted average number of common shares outstanding if the employee is retirement eligible or in the diluted weighted average number of common shares outstanding regardless of whether the employee is retirement eligible if the impact to diluted net earnings per common share is dilutive. The numbers of shares or units associated with SLO awards for the years ended December 31, 2012, 2011 and 2010 were nominal and have not been included in the diluted weighted average number of common shares outstanding for the year ended December 31, 2012 as the effect was anti-dilutive.

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Note 22 Related Party Transactions

As a result of the acquisition of Diversey, as of October 3, 2011, indirect or direct owners of SCJ owned approximately 8% of our outstanding shares of our common stock. These owners sold their holdings of our common stock during November 2012 and therefore our transactions with SCJ are considered related party transactions until November 2012.

The primary related party transactions with SCJ consist of purchases of some raw materials and products. Total inventory purchased from SCJ was $32 million in the ten months ended October 31, 2012 and $11 million in the fourth quarter of 2011. In addition, we lease some facilities from SCJ. Charges for these services and leases totaled $4 million in the ten months ended October 31, 2012 and $3 million in the fourth quarter of 2011. We license the use of certain trade names, house marks and brand names from SCJ. Payments to SCJ under the license agreements governing the names and marks totaled $5 million in the ten months ended October 31, 2012 and $1 million in the fourth quarter of 2011. The SCJ related party receivable and payable were not material to our consolidated balance sheets at December 31, 2012 and 2011.

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Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***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.

Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness, as of the end of our 2012 fiscal year, of our internal control over financial reporting. The suitable recognized control framework on which management s evaluation of our internal control over financial reporting is based is the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, known as COSO. Based upon that evaluation under the COSO framework, our management concluded that our internal control over financial reporting as of the end of our 2012 fiscal year was effective at the reasonable assurance level.

Our internal control over financial reporting as of December 31, 2012 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2012.

Item 9B. ***Other Information***

None.

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PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Part of the information required in response to this Item is set forth in Part I of this Annual Report on Form 10-K under the caption Executive Officers of the Registrant, and the balance will be included in our Proxy Statement for our 2013 Annual Meeting of Stockholders under the captions Election of Directors Information Concerning Nominees and Section 16(a) Beneficial Ownership Reporting Compliance, except as set forth below. All such information is incorporated herein by reference.

We have adopted a Code of Conduct applicable to all of our directors, officers and employees and a supplemental Code of Ethics for Senior Financial Executives applicable to our Chief Executive Officer, Chief Financial Officer, Controller, Treasurer, and all other employees performing similar functions for us. The Code of Conduct and the Code of Ethics for Senior Financial Executives are posted on our website at *www.sealedair.com*. We will post any amendments to the Code of Conduct and the Code of Ethics for Senior Financial Executives on our website. We will also post any waivers applicable to any of our directors or officers, including the senior financial officers listed above, from provisions of the Code of Conduct or the Code of Ethics for Senior Financial Executives on our website.

Our Board of Directors has adopted Corporate Governance Guidelines and charters for its three standing committees, the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee. Copies of the Corporate Governance Guidelines and the charters are posted on our website at *www.sealedair.com*.

Our Audit Committee comprises directors Hank Brown, who serves as chair, Michael Chu, Lawrence R. Codey, Patrick Duff and Kenneth P. Manning. Our Board of Directors has determined that each of the five members of the Audit Committee is an audit committee financial expert in accordance with the standards of the SEC and that each is independent, as defined in the listing standards of the New York Stock Exchange applicable to us and as determined by the Board of Directors.

Item 11. ***Executive Compensation***

The information required in response to this Item will be set forth in our Proxy Statement for our 2013 Annual Meeting of Stockholders under the captions Director Compensation, Executive Compensation, Compensation Committee Interlocks and Insider Participation and Compensation Risks. Such information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information required in response to this Item will be set forth in our Proxy Statement for our 2013 Annual Meeting of Stockholders under the captions Equity Compensation Plan Information and Voting Securities. Such information is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required in response to this Item will be set forth in our Proxy Statement for our 2013 Annual Meeting of Stockholders under the captions Independence of Directors and Certain Relationships and Related Person Transactions. Such information is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required in response to this Item will be included in our Proxy Statement for our 2013 Annual Meeting of Stockholders under the captions Principal Independent Auditor Fees and Audit Committee Pre-Approval Policies and Procedures. Such information is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as a part of this Annual Report on Form 10-K:

(1) Financial Statements

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

(2) Financial Statement Schedule

See Schedule II Valuation and Qualifying Accounts and Reserves Years Ended December 31, 2012, 2011 and 2010 of this Annual Report on Form 10-K.

(3) Exhibits

Exhibit Number	Description
2.1	Distribution Agreement dated as of March 30, 1998 among the Company, W. R. Grace & Co. Conn., and W. R. Grace & Co. (Exhibit 2.2 to the Company s Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.)
2.2	Agreement and Plan of Merger, dated as of May 31, 2011, by and among Sealed Air Corporation, Solution Acquisition Corp. and Diversey Holdings, Inc. (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K; a copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request). (Exhibit 2.1 to the Company s Current Report on Form 8-K, Date of Report May 31, 2011, File No. 1-12139, is incorporated herein by reference.)
3.1	Unofficial Composite Amended and Restated Certificate of Incorporation of the Company as currently in effect. (Exhibit 3.1 to the Company s Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
3.2	Amended and Restated By-Laws of the Company as currently in effect. (Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, File No. 1-12139, is incorporated herein by reference.)
4.1	Indenture, dated as of February 6, 2009, of the Company, as Issuer, to U.S. Bank, National Association, as Trustee, regarding 12% Senior Notes Due 2014. (Exhibit 4.1 to the Company s Current Report on Form 8-K, Date of Report February 6, 2009, File No. 1-12139, is incorporated herein by reference.)
4.2	Form of Indenture between the Registrant and U.S. Bank, National Association, as Trustee. (Exhibit 4.2 to the Company s Registration Statement on Form S-3, Registration No. 333-157851, is incorporated herein by reference.)
4.3	Indenture, dated as of June 18, 2009, of the Company, as Issuer, to U.S. Bank, National Association, as Trustee, regarding the Company s 7.875% Senior Notes Due 2017. (Exhibit 4.1 to the Company s Current Report on Form 8-K, Date of Report June 12, 2009, File No. 1-12139, is incorporated herein by reference.)
4.4	Indenture, dated as of October 3, 2011, among Sealed Air, the Guarantors named therein and HSBC Bank USA, National Association, as Trustee, governing the 8.125% Senior Notes Due 2019 and 8.375% Senior Notes Due 2021. (Exhibit 4.1 to the Company s Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
4.5	Form of 8.125% Senior Note due 2019. (Exhibit 4.2 to the Company s Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
4.6	Form of 8.375% Senior Note due 2021. (Exhibit 4.3 to the Company s Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)

10.1	Employee Benefits Allocation Agreement dated as of March 30, 1998 among the Company, W. R. Grace & Co. Conn. and W. R. Grace & Co. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.)
10.2	Tax Sharing Agreement dated as of March 30, 1998 by and among the Company, W. R. Grace & Co. Conn. and W. R. Grace & Co. (Exhibit 10.2 to the Company s Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.)

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10.3	Agreement in Principle, dated November 27, 2002, by and among the Official Committee of Asbestos Personal Injury Claimants, the Official Committee of Asbestos Property Damage Claimants, the Company, and the Company s subsidiary, Cryovac, Inc. (Exhibit 10.22 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-12139, is incorporated herein by reference.)
10.4	Settlement Agreement and Release, dated November 10, 2003, by and among the Official Committee of Asbestos Personal Injury Claimants, the Official Committee of Asbestos Property Damage Claimants, the Company, and the Company s subsidiary, Cryovac, Inc. (Exhibit 10.1 to the Company s Amendment No. 3 to its Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
10.5	Restricted Stock Plan for Non-Employee Directors of the Company. (Annex E to the Company s Proxy Statement for the 1998 Annual Meeting of Stockholders, File No. 1-12139, is incorporated herein by reference.)*
10.6	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, effective May 17, 2002. (Annex A to the Company s Proxy Statement for the 2002 Annual Meeting of Stockholders, File No. 1-12139, is incorporated herein by reference.)*
10.7	Amendment dated April 15, 2004, to the Restricted Stock Plan for Non-Employee Directors of the Company. (Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 1-12139, is incorporated herein by reference.)*
10.8	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, as amended February 19, 2009. (Exhibit 10.13 to the Company s Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.9	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, as amended December 16, 2009. (Exhibit 10.16 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.)*
10.10	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, as amended April 13, 2010. (Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.11	Sealed Air Corporation Deferred Compensation Plan for Directors. (Exhibit 10.21 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-12139, is incorporated herein by reference.)*
10.12	Sealed Air Corporation Deferred Compensation Plan for Directors. (Exhibit 10.8 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.13	Form of Restricted Stock Purchase Agreement. (Exhibit 4.4 to the Company s Registration Statement on Form S-8, Registration No. 333-59195, is incorporated herein by reference.)*
10.14	Form of Stock Purchase Agreement for use in connection with the Company s 2002 Stock Plan for Non-Employee Directors. (Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, File No. 1-12139, is incorporated herein by reference.)*
10.15	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.)*
10.16	Fees to be paid to the Company s Non-Employee Directors 2011. (Exhibit 10.48 to the Company s Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.17	Fees to be paid to the Company s Non-Employee Directors 2012. (Exhibit 10.18 to the Company s Annual Report on Form10-K for the year ended December 31, 2011, File No. 1-12139, is incorporated herein by reference.)*
10.18	Fees to be paid to the Company s Non-Employee Directors 2013.*
10.19	2005 Contingent Stock Plan of Sealed Air Corporation, as amended February 19, 2009. (Exhibit 10.20 to the Company s Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.20	2005 Contingent Stock Plan of the Company, as amended effective May 18, 2011 (Annex D to the Company s Proxy Statement for the 2011 Annual Meeting of Stockholders, File No. 1-12139, is incorporated herein by reference)*
10.21	Sealed Air Corporation Annual Incentive Plan, adopted February 19, 2008 (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report February 19, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.22	Performance-Based Compensation Program of the Company, as amended effective May 20, 2008. (Annex E to the Company s Proxy Statement for the 2008 Annual Meeting of Stockholders, File No. 1-12139, is incorporated herein by reference.)*

10.23	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.)*
10.24	Sealed Air Corporation Policy on Recoupment of Incentive Compensation from Executives in the Event of Certain Restatements, approved March 20, 2008. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report March 20, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.25	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.)*
10.26	Form of Restricted Stock Agreement under amended 2005 Contingent Stock Plan of Sealed Air Corporation. (Exhibit 4.4 to the Company s Registration Statement on Form S-8, Registration No. 333-152909, is incorporated herein by reference.)*

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10.27	Form of Restricted Stock Unit Agreement under amended 2005 Contingent Stock Plan of Sealed Air Corporation. (Exhibit 4.5 to the Company s Registration Statement on Form S-8, Registration No. 333-152909, is incorporated herein by reference.)*
10.28	Form of Restricted Stock Agreement, approved December 18, 2008, for awards pursuant to the Stock Leverage Opportunity provision of the Company s annual incentive plan. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report December 18, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.29	Form of Restricted Stock Unit Agreement, approved December 18, 2008, for awards pursuant to the Stock Leverage Opportunity provision of the Company s annual incentive plan. (Exhibit 10.2 to the Company s Current Report on Form 8-K, Date of Report December 18, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.30	Form of Restricted Stock Unit Agreement, approved February 14, 2013, for awards pursuant to the Stock Leverage Opportunity provision of the Company s annual incentive plan. *
10.31	Form of Restricted Stock Agreement, as amended, under the amended 2005 Contingent Stock Plan of Sealed Air Corporation. (Exhibit 10.3 to the Company s Current Report on Form 8-K, Date of Report December 18, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.32	Form of Restricted Stock Unit Agreement, as amended, under the amended 2005 Contingent Stock Plan of Sealed Air Corporation. (Exhibit 10.4 to the Company s Current Report on Form 8-K, Date of Report December 18, 2008, File No. 1-12139, is incorporated herein by reference.)*
10.33	Form of Non-Compete and Confidentiality Agreement for exempt U.S. employees, substantially as executed by Emile Z. Chammas, Senior Vice President, of the Company. (Exhibit 10.29 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, File No. 1-12139, is incorporated herein by reference.)*
10.34	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.)*
10.35	Form of Sealed Air Corporation Performance Share Units Award Grant 2011-2013 (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report April 7, 2011, File No. 1-12139, is incorporated herein by reference.)*
10.36	Form of Sealed Air Corporation Performance Share Units Award Grant 2012-2014 (Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 1-12139, is incorporated herein by reference.)*
10.37	Form of Sealed Air Corporation Performance Share Units Award Grant 2012 to the Chief Executive Officer (Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, File No. 1-12139, is incorporated herein by reference.)*
10.38	Commitment Letter, dated as of May 31, 2011, by and among Sealed Air Corporation and Citigroup Global Markets Inc. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report May 31, 2011, File No. 1-12139, is incorporated herein by reference.)
10.39	Amended and Restated Commitment Letter, dated as of June 17, 2011, by and among Sealed Air Corporation, Citigroup Global Markets Inc., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas, BNP Paribas Securities Corp., The Royal Bank of Scotland plc and RBS Securities Inc. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report June 17, 2011, File No. 1-12139, is incorporated herein by reference.)
10.40	Purchase Agreement, dated as of September 16, 2011, by and among the Company, as issuer, and Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, for themselves and the other initial purchasers named therein, regarding Sealed Air Corporation s 8.125% Senior Notes Due 2019 and 8.375% Senior Notes Due 2021 (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report September 16, 2011, File No. 1-12139, is incorporated herein by reference.)
10.41	Syndicated Facility Agreement, dated as of October 3, 2011, by and among Sealed Air, certain subsidiaries of Sealed Air party thereto, the lenders party thereto, Citibank, N.A., as agent and the other agents party thereto. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
10.42	Series A Preferred Stock Purchase Agreement, dated as of October 3, 2011, by and among Diversey Holdings, Inc., Sealed Air and Solution Acquisition Corp. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
10.43	Employment Agreement, dated August 29, 2012 between Jerome A. Peribere and the Company, as supplemented on October 11, 2012. *
10.44	

	Equity Interest Purchase Agreement, dated as of October 30, 2012, by and between Sealed Air Corporation, Sealed Air Netherlands Holdings V B.V., and DC Co., Ltd., as amended on November 9, 2012, and further amended November 14, 2012.
10.45	Restatement Agreement, dated November 15, 2012, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Citibank, N.A., as agent and other agents party thereto. (Exhibit 10.1 to the Company s Current Report on Form 8-K, Date of Report November 13, 2012, File No. 1-12139, is incorporated herein by reference.)
10.46	Amended and Restated Syndicated Facility Agreement, dated November 15, 2012, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Citibank, N.A., as agent and other agents party thereto. (Exhibit 10.2 to the Company s Current Report on Form 8-K, Date of Report November 13, 2012, File No. 1-12139, is incorporated herein by reference.)
10.47	Employment Arrangement between H. Katherine White and the Company.*

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12.1	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Company.
23.1	Consent of KPMG LLP.
31.1	Certification of Jerome A. Peribere, President and Chief Executive Officer of the Company, pursuant to Rule 13a-14(a), dated March 1, 2013.
31.2	Certification of Carol P. Lowe, Senior Vice President and Chief Financial Officer of the Company, pursuant to Rule 13a-14(a), dated March 1, 2013.
32	Certification of Jerome A. Peribere, President and Chief Executive Officer of the Company, and Carol P. Lowe, Senior Vice President and Chief Financial Officer of the Company, pursuant to 18 U.S.C. § 1350, dated March 1, 2013.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

* Compensatory plan or arrangement of management required to be filed as an exhibit to this report on Form 10-K.
In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be filed or part of any registration statement or other document filed for purposes of Sections 11 or 12 of the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

In lieu of filing certain instruments with respect to long-term debt of the kind described in Item 601(b)(4)(iii) of Regulation S-K, the Company agrees to furnish a copy of such instruments to the SEC upon request.

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Schedule

SEALED AIR CORPORATION AND SUBSIDIARIES

SCHEDULE II

Valuation and Qualifying Accounts and Reserves

Years Ended December 31, 2012, 2011 and 2010

Description	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions	Foreign Currency Translation and Other	Balance at End of Year
			(in millions of dollars)		
Year ended December 31, 2012:					
Allowance for doubtful accounts	$ 16.2	$ 14.3	$ (7.8)[1]	$ 3.2	$ 25.9
Inventory obsolescence reserve	$ 23.5	$ 14.0	$ (14.1)[2]	$ 4.4	$ 27.8
Year ended December 31, 2011:					
Allowance for doubtful accounts	$ 17.0	$ 8.9	$ (8.3)[1]	$ (1.4)	$ 16.2
Inventory obsolescence reserve	$ 22.7	$ 9.5	$ (7.9)[2]	$ (0.8)	$ 23.5
Year ended December 31, 2010:					
Allowance for doubtful accounts	$ 17.5	$ 6.9	$ (6.5)[1]	$ (0.9)	$ 17.0
Inventory obsolescence reserve	$ 26.6	$ 2.1	$ (6.5)[2]	$ 0.5	$ 22.7

(1) Primarily accounts receivable balances written off, net of recoveries.
(2) Primarily items removed from inventory.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEALED AIR CORPORATION

(Registrant)

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

Date: March 1, 2013

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

	Signature	Title	Date
By:	/s/ JEROME A. PERIBERE	President, Chief Executive Officer and	
	Jerome A. Peribere	Director (Principal Executive Officer)	March 1, 2013
By:	/s/ CAROL P. LOWE	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	
	Carol P. Lowe		March 1, 2013
By:	/s/ WILLIAM G. STIEHL	Controller (Principal Accounting Officer)	
	William G. Stiehl		March 1, 2013
By:	/s/ HANK BROWN	Director	
	Hank Brown		March 1, 2013
By:	/s/ MICHAEL CHU	Director	
	Michael Chu		March 1, 2013
By:	/s/ LAWRENCE R. CODEY	Director	
	Lawrence R. Codey		March 1, 2013
By:	/s/ PATRICK DUFF	Director	
	Patrick Duff		March 1, 2013
By:	/s/ T. J. DERMOT DUNPHY	Director	
	T. J. Dermot Dunphy		March 1, 2013
By:	/s/ WILLIAM V. HICKEY	Director, Chairman of the Board of Directors	
	William V. Hickey		March 1, 2013

By:	/s/ JACQUELINE B. KOSECOFF	Director	
	Jacqueline B. Kosecoff		March 1, 2013
By:	/s/ KENNETH P. MANNING	Director	
	Kenneth P. Manning		March 1, 2013
By:	/s/ WILLIAM J. MARINO	Director	
	William J. Marino		March 1, 2013
By:	/s/ RICHARD L.WAMBOLD	Director	
	Richard L. Wambold		March 1, 2013
By:	/s/ JERRY R. WHITAKER	Director	
	Jerry R. Whitaker		March 1, 2013