SEALED AIR CORP/DE
Form 10-K
February 29, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

Or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $0.10 per share	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No þ

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

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

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

As of the last business day of the registrant s most recently completed second fiscal quarter, June 30, 2011, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $3,727,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 192,055,662 shares of the registrant s common stock, par value $0.10 per share, issued and outstanding as of January 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant s definitive proxy statement for its 2012 Annual Meeting of Stockholders, to be held on May 17, 2012, are incorporated by reference into Part II and Part III of this Form 10-K.

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SEALED AIR CORPORATION AND SUBSIDIARIES

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PART I

Item 1. ***Business***

Sealed Air is 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 now, as a result of our acquisition of Diversey Holdings, Inc. (Diversey) on October 3, 2011, Diversey® brand cleaning and hygiene solutions. We offer efficient and sustainable solutions that create business value for customers, enhance the quality of life for consumers and provide a cleaner and healthier environment for future generations.

We are a leading global innovator in the applications we serve and we differentiate ourselves through our:

- extensive global reach, by which we leverage our strengths across our operations in 62 countries to reach customers in over 175 countries;
- expertise in packaging sales, service and engineering, hygiene and sanitation solutions, and in food science;
- leading brands, such as our Bubble Wrap® brand cushioning, Jiffy® protective mailers, Instapak® foam-in-place systems, Cryovac® packaging technology, and Diversey® and TASKI® brand cleaning and hygiene solutions;
- technology leadership with an emphasis on proprietary technologies;
- total systems offering that includes specialty materials and formulations, equipment systems and services; and
- solid free cash flow generation from premium solutions to meet our customers needs, productivity improvements, working capital management and an asset-light business model.

In 2011, our operations generated approximately 59% of our revenue from outside the United States including approximately 18% of our revenue from developing regions. These developing regions are Africa, Asia (excluding Japan and South Korea), Central and Eastern Europe, and Latin America. We anticipate that on a full year basis, as a result of the acquisition of Diversey, our operations will generate approximately 70% of our revenue from outside the United States including approximately 20% of our revenue from developing regions.

We conduct our operations through the following four business segments: Food Packaging, Food Solutions, Protective Packaging, Diversey and an Other category. See Segments below 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 now, Diversey.

Throughout this Annual Report on Form 10-K, when we refer to Sealed Air, the Company, we, us or our, we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise. Also, when we cross reference to a Note, we are referring to our Notes to Consolidated Financial Statements, unless the context indicates otherwise.

Recent Events

Acquisition of Diversey

On October 3, 2011, we completed the acquisition of Diversey, a leading global provider of commercial cleaning, sanitation and hygiene products, services and solutions for food safety and service, food and beverage plant operations, floor care, housekeeping and room care, laundry and hand care. 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 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 to retire approximately $1.6 billion of existing indebtedness of Diversey. As of March 4, 2011, Diversey had approximately 10,170 employees and reported net sales of $3.1 billion for the year ended December 31, 2010. See Note 3, Acquisition of Diversey Holdings, Inc., for further information about the acquisition and New Segment Structure below for information about our announcement of the expected establishment of new business units and our current segment reporting structure.

The consolidated financial statements and information included in this Annual Report on Form 10-K (Form 10-K) includes the financial results of Diversey for the period beginning October 3, 2011 (the acquisition date) through December 31, 2011. The financial results included in this Form 10-K related to the acquisition method of accounting for the Diversey transaction are subject to change as the acquisition method of accounting is not yet finalized and dependent upon the finalization of management s review of certain independent valuations and studies that are still in process. See Note 3, Acquisition of Diversey Holdings, Inc., for further information about the acquisition and related transactions and the acquisition method of accounting.

New Segment Structure

On November 3, 2011, we announced the expected establishment of new business units for our segment reporting structure. The new segment reporting structure will consist of three global business units. This new structure is expected to be implemented in 2012 and will replace our existing seven business unit structure and Diversey s legacy four region-based structure.

The new segment reporting structure will include the following:

Food & Beverage This new segment will combine our legacy Food Packaging and Food Solutions businesses with Diversey s Food & Beverage applications. This segment will focus on providing solutions that improve the management of contamination risk associated with food production and processing, extend product shelf life through packaging technologies, and improve merchandising, ease-of-use and back-of-house processes. These solutions are designed to reduce customers total operating costs, improve operational efficiencies and reduce food waste and water and energy use.

Institutional & Laundry This new segment will represent the legacy Diversey business serving institutional and industrial end-users such as food service providers, lodging establishments, building service contractors, building managers and property owners, retail outlets, schools and health care facilities. This segment will focus on developing differentiated solutions for facility hygiene, food safety and security in food service operations, and infection control. In addition, this segment offers a wide range of value-added services, including food safety and application training and consulting, and auditing of hygiene and water management. These solutions create business value by improving operating efficiency, mitigating risk and reducing the overall environmental footprint of commercial and industrial facilities.

Protective Packaging This new segment will combine our legacy Protective Packaging, Shrink Packaging and Specialty Materials businesses to provide customers with a broad portfolio of protective packaging systems across a range of applications and industries.

There will also be an Other category, which will include our legacy Medical Applications business and New Ventures.

Until the new organization is implemented, we will continue to report our segment results using the following structure: Food Packaging, Food Solutions, Protective Packaging, Diversey and an Other category. Additionally, there will be no immediate changes in how we manage our business with our customers, including the products, solutions and services we provide, however, our businesses will pursue revenue synergy opportunities where available.

New Directors Elected

On January 30, 2012, we announced that Mr. Jerry R. Whitaker was elected to our Board of Directors as an independent director, effective immediately. Mr. Whitaker is the retired President of the Electrical Sector-Americas Group of Eaton Corporation, a global diversified power management company that manufactures electrical and industrial products and services. The Electrical Sector-Americas represents the largest operating unit of Eaton Corporation. During Mr. Whitaker s 17-year tenure at Eaton Corporation, he held several executive management positions and established a track record of improving profitability across the multinational manufacturing footprint and expanding Eaton s market presence in targeted segments. Currently, Mr. Whitaker serves as a director of Matthews International Inc. and as a director of Crescent Electric Supply Company. He also serves on the boards of the Carnegie Science Center (serving as Chairman of the Carnegie Science Center Awards for Excellence over the last ten years), the Allegheny Conference on Community Development, Pittsburgh American Middle East Institute and the Corporate Circles Board of the Pittsburgh Cultural Trust. Mr. Whitaker holds a bachelor of science degree in electrical engineering from Syracuse University and a master of business administration degree from George Washington University.

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On January 17, 2012, we announced that Mr. Richard L. Wambold was elected to our Board of Directors as an independent director, effective March 1, 2012. Mr. Wambold was formerly the Chief Executive Officer of Pactiv/Reynolds Foodservice and Consumer Products, a global manufacturer and supplier of consumer food and beverage packaging and store products. Previously, Mr. Wambold served for approximately 12 years as Chairman of the Board and Chief Executive Officer of Pactiv Corporation, a global provider of advanced packaging solutions. Currently, Mr. Wambold is a private investor and serves as a director of Cooper Tire and Rubber Company and as a director of Precision Castparts Corporation.

Our Business Strategies

We are focused on protection and expanding our presence by innovating solutions that improve food safety and security, facility hygiene and product protection. Our strategy aligns with three global trends: the increased demand for protein and high-quality prepared foods from an expanding middle class in developing regions; greater public and regulatory demand for safe, efficient and hygienic environments; and the expansion of global supply chains and e-commerce, which require efficient packaging solutions. Our business is well positioned to leverage these trends through our extensive portfolio of proprietary solutions, leading research and development teams, our large international footprint and presence in developing regions, our access to broad distribution networks and our high levels of customer service.

The key strategic priorities developed to achieve our growth goals are:

Maintain and Expand our Positions with Key Customers. We have developed a reputation for delivering exceptional value to our customers as proven by our long-standing relationships and market leadership positions. Our total systems solution model often involves technology and equipment installed within our customers facilities which further enhances the value we bring to our customers. We plan to build on the strength of these relationships to deliver end-to-end solutions across the food Production-Packaging-Preparation-Consumption continuum to become an increasingly important partner to our customers.

Position our Company to Capture Growth Opportunities in Developing Regions. We are focused on realizing growth from developing regions due to favorable demand trends, including: greater disposable income from a growing middle class; the continued urbanization of populations; increased wealth per capita driving greater demand for protein and higher quality foods; and expansion of cold supply chains and Western-style retail supermarkets, which require more packaging. As a result, these regions represent opportunities for enhanced food production, packaging and processing, which offer growth opportunities for our solutions.

Extend Reach and Maintain Innovation Leadership. The Diversey acquisition provides additional scope, scale, and geographic reach to deliver proprietary solutions to address our customers unmet needs in managing food safety, hygiene and shelf life performance while maximizing productivity and risk management and reducing costs. We believe our extensive competencies in food science, equipment automation, cleaning and sanitation and process integration position us to address these unmet needs globally. We plan to build on these combined strengths by innovating new end-to-end solutions across the food Production-Packaging-Preparation-Consumption continuum that will provide measurable value for our customers and ultimately enhance the efficacy and efficiency of food supply chains.

Integrate Diversey and Realize Cost Savings and Revenue Synergies. We intend to achieve commercial and financial benefits from our integration of Diversey. We are proceeding with our extensive integration plan that addresses both commercial opportunities and areas for cost savings. We expect to realize approximately $110 million to $115 million of annual gross cost savings by the end of 2014. We continue to anticipate $70 million of revenue synergies by the end of 2013, largely from expanding our access and presence within our food and beverage processing customers businesses and broadening our reach in developing regions. We believe that cost and revenue synergies will further enhance our financial profile and future free cash flow generation.

Utilize Free Cash Flow to Repay Debt Obligations. We have a long track record of free cash flow generation and deleveraging through the economic cycle. We plan to use internally-generated free cash flow to repay our debt obligations. As of December 31, 2011, our net debt was $5.2 billion. Our goal is to reduce net debt to $4.9 billion by the end of 2012 and then to $4.5 billion by the end of 2013. In addition, we plan to opportunistically invest in our businesses to further enhance our free cash flow generation in the future, which will create additional value for shareholders.

Segments

We currently report our business publicly in five parts: four reportable segments and an Other category.

Our reportable segments are:

1. Food Packaging;

2. Food Solutions;

3. Protective Packaging, which includes Shrink Packaging; and

4. Diversey.

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Our Other category includes:

(a) Specialty Materials;

(b) Medical Applications; and

(c) New Ventures.

Information concerning our reportable segments, including net sales, depreciation and amortization, operating profit and certain assets, appears in Note 4, Segments.

Descriptions of the Reportable Segments and Other Category

We offer a broad range of solutions across leading brands worldwide.

Food Packaging Segment

In this segment, we focus on the automated packaging of perishable foods, predominantly fresh and processed meats and cheeses. Our products are sold primarily to food processors, distributors, supermarket retailers and foodservice operators. We market these products under the Cryovac® trademark and sub-brands such as Cryovac Grip & Tear®, Oven Ease™ and Multi-Seal®. This segment s growth opportunities are targeted toward developments in technologies that enable our customers to package and ship their meat and cheese products effectively through their supply chain. These technologies focus on automation and packaging integration solutions, innovation in material science and expansion of the sale of our products into developing regions, where consumers continue to increase their protein consumption and are transitioning to packaged products.

Our Food Packaging segment offerings include:

- shrink bags to vacuum package many fresh food products, including beef, lamb, pork, poultry and seafood, as well as cheese and smoked and processed meats;
- packaging materials for cook-in applications, predominantly for deli and foodservice businesses;
- a wide range of laminated and coextruded rollstock packaging materials utilized in thermoforming and form, fill and seal applications, providing an effective packaging option for a variety of fresh meat, smoked and processed meat, seafood, poultry and cheese applications;
- packaging trays; and
- associated packaging equipment and systems, including bag loaders, dispensers and vacuum chamber systems.

Food Solutions Segment

In this segment, we target advanced food packaging technologies that provide consumers convenient access to fresh, consistently prepared, high-quality meals, either from foodservice outlets or from expanding retail cases at grocery stores. We sell the products in this reportable segment primarily to food processors, distributors, supermarket retailers and foodservice operators. We market these products under the Cryovac® trademark and sub-brands such as Simple Steps®, Cryovac Mirabella® and Darfresh®. This segment s growth strategy is focused on developing convenience-oriented solutions through material science and innovative end applications that serve both consumers and the commercial chef.

Our Food Solutions segment offerings include:

- case-ready packaging offerings that are utilized in the centralized packaging of various proteins, including beef, pork, lamb, poultry, smoked and processed meats, seafood and cheese, for retail sale at the consumer level;

ready meals packaging, including our Simple Steps® solution, a microwavable package designed with vacuum skin packaging technology and a unique self-venting feature, as well as our flex-tray-flex package, which is an oven-compatible package that utilizes skin-pack technology;

vertical pouch packaging solutions for packaging flowable food products, including soups, sauces, salads, meats, toppings and syrups, including film and filling equipment systems for products utilizing hot and ambient, retort and aseptic processing methods;

foam and solid plastic trays and containers that customers use to package a wide variety of food products;

absorbent products used for food packaging, such as our Dri-Loc® absorbent pads; and

related packaging equipment, including vacuum chamber systems.

Protective Packaging Segment

This segment comprises our core protective packaging technologies and solutions aimed at traditional industrial applications as well as consumer-oriented packaging solutions. We aggregate our protective packaging products and shrink packaging products into our Protective Packaging segment for reporting purposes. We sell products in this segment primarily to distributors and manufacturers in a wide variety of industries as well as to retailers and to e-commerce and mail order fulfillment firms. This segment s growth is focused on providing a broad range of protective packaging products and solutions worldwide by focusing on advancements in material science, automation, and the development of reliable customer equipment. We target markets that serve both developed and developing regions.

Our Protective Packaging segment offerings include:

Bubble Wrap® and AirCap® brand air cellular packaging materials, which employ a barrier layer that retains air for longer lasting protection, forming a pneumatic cushion to protect products from damage through shock or vibration during shipment;

Cryovac®, Opti® and CorTuff® polyolefin performance shrink films for product display, bundling and merchandising applications, which customers use to shrink-wrap a wide assortment of industrial, consumer, and food products;

Shanklin® and Opti® shrink packaging equipment systems;

Instapak® polyurethane foam packaging systems, which consist of proprietary blends of polyurethane chemicals, high performance polyolefin films and specially designed dispensing equipment that provide protective packaging for a wide variety of applications;

Jiffy® mailers and bags, including lightweight, tear-resistant mailers lined with air cellular cushioning material that are marketed under the Jiffylite® and TuffGard® trademarks, Jiffy® padded mailers made from recycled kraft paper padded with macerated recycled newspaper, and Jiffy® ShurTuff® bags composed of multi-layered polyolefin film;

inflatable packaging systems, including our Fill-Air® inflatable packaging system, which converts rolls of polyethylene film into continuous perforated chains of air-filled cushions, our Fill-Air® RF system, which consists of a compact, portable inflator and self-sealing inflatable plastic bags, which is also available in a fully automated model, and our NewAir I.B.® Express packaging system, which provides on-site, on-demand Barrier Bubble® cushioning material;

PackTiger® paper cushioning system, a versatile high-speed paper packaging solution that includes both recycled paper and automated dispensing equipment;

Kushion Kraft®, Custom Wrap™, Jiffy Packer® and Void Kraft™ paper packaging products; and

Korrvu® suspension and retention packaging.

Diversey Segment

Products and Services

Our Diversey segment offers a wide range of products and services designed primarily for use in five application categories: food service, food and beverage manufacturing and processing, floor care, restroom care and other housekeeping, and laundry. Many of our products are consumable and require periodic replacement, which generates recurring revenue and helps provide consistency in business performance.

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The global sustainability movement is expected to be a long-term driver of growth in the industries we serve, as customers seek products and expertise that reduce their environmental profile while also providing clean, hygienic facilities that reduce the risk of human- and food-borne infection. Our extensive suite of products, services and solutions improves our customers operational efficiency as well as their cleaning, sanitizing and hygiene results, which we believe assists them in protecting their brands. We also help our customers achieve their goals of reducing waste, energy and water consumption, and we are able to provide documented analysis of the cost and resource savings they can achieve by implementing our solutions.

Food Service. Food Service products remove soil and address microbiological contamination on food contact surfaces. Our food service products include chemicals for washing dishes, glassware, flatware, utensils and kitchen equipment; dish machines; pre-rinse units; dish tables and racks; food handling and storage products; and safe floor systems and tools. We also manufacture and supply kitchen cleaning products, such as general purpose cleaners, lime scale removers, bactericides/disinfectants, detergents, oven and grill cleaners, general surface degreasers, floor cleaners and food surface disinfectants. In addition, we provide customers with expertise to execute cleaning and hygiene programs. These applications are sold into a variety of end use applications, including contract and in-flight caterers, restaurant chains and lodging establishments. We also have a relationship with Cintas Corporation through which we provide application expertise and a food service portfolio under Cintas Signet™ brand.

Food and Beverage Manufacturing and Processing. Food and Beverage Manufacturing and Processing products include detergents, cleaners, sanitizers and lubricants, as well as cleaning systems, electronic dispensers and chemical injectors for the application of chemical products and improvement of operational efficiency and sanitation. We also offer gel and foam products for manual open plant cleaning, acid and alkaline cleaners and membrane cleaning products. In addition, we provide consulting services in the areas of food safety, water and energy use reduction and quality management.

Floor Care. We manufacture a broad range of floor care products and systems, including finishes, waxes, cleaners, degreasers, polishes, sealers and strippers for all types of flooring surfaces, including vinyl, terrazzo, granite, concrete, marble, linoleum and wood. We also provide a full range of carpet cleaners, such as extraction cleaners and shampoos; carpet powders; treatments, such as pre-sprays and deodorizers; and a full line of carpet spotters. Our range of products also includes carpet cleaning and floor care machines, as well as utensils and tools, which support the cleaning and maintenance process. Among the product brands are TASKI® floor care machines and Signature® floor finish. These products are sold primarily for use in building management, retail, lodging and health care customer sectors.

Restroom Care and Other Housekeeping. We offer a fully integrated line of products and dispensing systems for hard surface cleaning, disinfecting and sanitizing, hand washing and air deodorizing and freshening. Our restroom care and other housekeeping products include bowl and hard surface cleaners, hand soaps, sanitizers, air care products, general purpose cleaners, disinfectants and specialty cleaning products. Among the product brands are Clax®, J-Flex™ and Oxivir®. These products are sold into the food service, building management, retail, lodging and health care customer sectors.

Laundry. We offer detergents, stain removers, fabric conditioners, softeners and bleaches in liquid, powder and concentrated forms to clean items such as bed linen, clothing and table linen. Our range of products covers requirements of fabric care for domestic-sized machines in small lodging facilities to washers in commercial laundry facilities. We also offer customized washing programs for different levels and types of soils, a comprehensive range of dispensing equipment and a selection of process control and management information systems. Through a joint venture with Standard Textile Company, we provide a commercial laundry application that combines a unique activator unit with proprietary chemistry to deliver a fully integrated cleaning and sanitizing solution. Leading brands include Clax®, Suma® and Proteus™. These products are sold primarily into the lodging, and health care and commercial laundry customer sectors.

Diversey Segment End-Users and Customers

We offer our Diversey products directly or through third-party distributors to end-users in seven sectors food service, lodging, retail, health care, building managers/service contractors, food and beverage and other.

Food Service. End-users include fast food and full-service restaurants as well as contract caterers.

Lodging. We serve many of the largest hotel chains in the world as well as local independent properties and regional chains.

Retail. Retail end-users include supermarkets, drug stores, discounters, hypermarkets and wholesale clubs.

Health Care. These customers include both public and private hospitals, long-term care facilities and other facilities where medical services are performed.

Building Service Contractors/Facility Management. These end-users include building owners/managers as well as building service contractors and building owners/managers. Contractors clean, maintain and manage a variety of facilities including office buildings, retail stores, health care facilities, production facilities, and education and government institutions.

Food and Beverage. Food and Beverage end-users include dairy plants, dairy farms, breweries, soft-drink and juice bottling plants, protein and processed food production facilities, and other food processors.

In addition, we serve customers in cash and carry establishments, industrial plants and laundries. Cash and carry establishments are stores in which professional end-users purchase products for their own use.

Other

We also focus on growth by utilizing our technologies in new market segments. This category includes specialty materials serving both packaging and non-packaging applications and medical products and applications. Additionally, this category includes several of our new ventures, such as vacuum insulated panels.

Specialty Materials

Our Specialty Materials business seeks to expand our product portfolio and core competencies into specialized and non-packaging applications and new market segments. We sell specialty materials products primarily to fabricators and manufacturers encompassing a wide array of businesses and end uses.

Medical Applications

The goal of our Medical Applications business is to provide solutions offering superior protection and reliability to the medical, pharmaceutical and medical device industries. We sell medical applications products directly to medical device manufacturers and pharmaceutical companies and to the contract packaging firms that supply them.

New Ventures

Our New Ventures area includes several development projects. These include technologies and solutions sourced from renewable materials, proprietary process technologies that have opportunity for application within our manufacturing processes and for future licensing, and equipment systems that offer an automated packaging service for high-volume fulfillment or pick-and-pack operators. Two examples of development projects are the I-Pack and Ultipack automated void reduction and containment systems that provide efficient, automated packaging processes that minimize carton sizes and void fill requirements. These systems are being offered as a service and sold using a unique per-package charge model.

Outsourced Products

In addition to net sales from products produced in our facilities, we also sell products fabricated by other manufacturers, which we refer to as outsourced products. Outsourced products are mostly sold in our Food Solutions and Diversey segments. Food Solutions outsourced products include, among others, foam and solid plastic trays and containers fabricated primarily in North America and in Europe that largely support our Food Solution segment s case ready products. Diversey s outsourced products include, among others, most non-chemical products, including, dosing and dispensing equipment, cleaning tools and utensils, paper products and food and beverage cleaning equipment fabricated primarily in Europe and Asia. In addition, we also outsource certain of our chemical products in our floor care line.

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We have strategically opted to use third-party manufacturers for technically less complex products and selected equipment in order to offer customers a broader range of solutions. We have benefited from this strategy with increased net sales and operating profit requiring minimal capital expenditures.

Outsourced products sales represented approximately 14% of Food Solutions net sales in 2011, and 17% in 2010 and 2009. Outsourced products sales represented approximately 39% of Diversey s net sales in the fourth quarter of 2011.

Total outsourced products sales represented approximately 11% of total net sales in 2011, and 6% in 2010 and 2009.

Foreign Operations

We operate through our subsidiaries and have a presence in the United States and the 61 other countries listed below, enabling us to distribute our products to our customers in over 175 countries.

Americas	Europe, Middle East and Africa (EMEA)		Asia Pacific
Argentina	Austria	Netherlands	Australia
Barbados	Belgium	Nigeria	China
Brazil	Czech Republic	Norway	India
Canada	Denmark	Poland	Indonesia
Chile	Egypt	Portugal	Japan
Colombia	Finland	Romania	Malaysia
Costa Rica	France	Russia	New Zealand
Dominican Republic	Germany	Slovakia	Pakistan
Guatemala	Greece	Slovenia	Philippines
Jamaica	Hungary	South Africa	Singapore
Mexico	Ireland	Spain	South Korea
Peru	Israel	Sweden	Taiwan
Uruguay	Italy	Switzerland	Thailand
Venezuela	Kenya	Turkey	Vietnam
	Luxembourg	Ukraine	
	Morocco	United Arab Emirates	
		United Kingdom	

In maintaining our foreign operations, we face risks inherent in these operations, such as currency fluctuations, inflation and political instability. Information on currency exchange risk appears in Part II, Item 7A of this Annual Report on Form 10-K, which information is incorporated herein by reference. Other risks attendant to our foreign operations are set forth in Part I, Item 1A. Risk Factors, of this Annual Report on Form 10-K, which information is incorporated herein by reference. Information on the impact of currency exchange on our consolidated financial statements appears in Part II, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations. Financial information showing net sales and total long-lived assets by geographic region for each of the three years ended December 31, 2011 appears in Note 4, Segments, which information is incorporated herein by reference. We maintain programs to comply with the various laws, rules and regulations related to the protection of the environment that we may be subject to in the many countries in which we operate. See Environmental Matters, below.

Employees

As of December 31, 2011, we had approximately 26,300 employees worldwide. Approximately 8,000 of these employees were in the U.S., with approximately 160 of these employees covered by collective bargaining agreements. Of the approximately 18,300 employees who were outside the U.S., approximately 5,700 were covered by collective bargaining agreements. Outside of the U.S., many of the covered employees are represented by works councils or industrial boards, as is customary in the jurisdictions in which they are employed. We believe that our employee relations are satisfactory.

Marketing, Distribution and Customers

At December 31, 2011, we employed approximately 8,200 sales, marketing and customer service personnel throughout the world who sell and market our products to and through a large number of distributors, fabricators, converters, e-commerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, foodservice businesses, supermarket retailers, lodging, retail, pharmaceutical companies, health care facilities, medical device manufacturers, and other manufacturers.

To support our food and new ventures customers, we operate three Packforum® innovation and learning centers that are located in the U.S., France, and China. At Packforum®, we assist customers in identifying the appropriate packaging materials and systems to meet their needs. We also offer ideation services, educational seminars, employee training and customized graphic design services to our customers.

To assist our marketing efforts for our protective packaging products and to provide specialized customer services, we operate 35 industrial Package Design and Development Centers (PDDC s) worldwide within our facilities. These PDDC s are staffed with professional packaging engineers and outfitted with drop-testing and other equipment used to develop, test and validate cost-effective package designs to meet each protective packaging customer s needs.

To support our equipment systems and the marketing of our totals systems solutions, we provide field technical services to our customers worldwide. These services include system installation, integration and monitoring systems, repair and upgrade, operator training in the efficient use of our systems, qualification of various consumable and system combinations, and equipment layout and design.

For our medical application customers, we offer two cleanroom contract assembly and packaging facilities in two countries, as well as a packaging validation lab.

Our food packaging, food solutions and food and beverage applications are largely sold direct, while our Protective Packaging and a large component of the remaining end-use applications in Diversey are sold through business supply distributors.

We have no material long-term contracts for the distribution of our products. In 2011, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Seasonality

Historically, net sales in our food businesses have tended to be slightly lower in the first quarter and slightly higher towards the end of the third quarter through the fourth quarter, due to holiday events. Net sales in our Protective Packaging segment have also tended to be slightly lower in the first quarter and higher during the back-to-school season in the mid-third quarter and through the fourth quarter due to the holiday shopping season. The Diversey segment s net sales trend slightly lower in the first quarter, while second quarter sales represent a modest seasonal peak due to the European-based lodging and food and beverage demand. On a consolidated basis, there is little seasonality in the business, with net sales slightly lower in the first quarter and slightly higher towards the end of the third quarter through the fourth quarter. Our consolidated net earnings typically trend directionally the same as our net sales seasonality.

However, other factors may outweigh the effects of seasonal changes in our net earnings results including, but not limited to, changes in raw materials and other costs, foreign exchange rates, interest rates, taxes and the timing and amount of acquisition synergies and restructuring and other non-recurring charges.

Competition

Competition for most of our packaging products is based primarily on packaging performance characteristics, service and price. Since competition is also based upon innovations in packaging technology, we maintain ongoing research and development programs to enable us to maintain technological leadership. We invest approximately double the industry average on research and development as a percentage of net sales per year as compared with our packaging peers. There are also other companies producing competing products that are well-established.

There are other manufacturers of food packaging and food solutions products, some of which are companies offering similar products that operate across regions and others that operate in a single region or single country. Competing manufacturers produce a wide variety of food packaging based on plastic, metals and other materials. We believe that we are one of the leading suppliers of (i) flexible food packaging materials and related systems in the principal geographic areas in which we offer those products, (ii) barrier trays for case-ready meat products in the principal geographic areas in which we offers those trays, and (iii) absorbent pads for food products to supermarkets and to meat and poultry processors in the United States.

Our protective packaging products compete with similar products made by other manufacturers and with a number of other packaging materials that customers use to provide protection against damage to their products during shipment and storage. Among the competitive materials are various forms of paper packaging products, expanded plastics, corrugated die cuts, strapping, envelopes, reinforced bags, boxes and other containers, and various corrugated materials, as well as various types of molded foam plastics, fabricated foam plastics, mechanical shock mounts, and wood blocking and bracing systems. We believe that we are one of the leading suppliers of air cellular cushioning materials containing a barrier layer, inflatable packaging, suspension and retention packaging, shrink films for industrial and commercial applications, protective mailers, polyethylene foam and polyurethane foam packaging systems in the principal geographic areas in which we sell these products.

Our Diversey solutions face a wide spectrum of competitors across each product category. Competition is both global and regional in scope and includes numerous small, local competitors with limited product portfolios and geographic reach. We compete globally on premium product offerings and application expertise, innovative product and dispensing equipment offerings, value-added solution delivery, and strong customer service and support. We differentiate our offerings from competitors by becoming the preferred partner to our customers, and by providing innovative, industry-leading products to make their facilities safer and healthier for both maintenance staff and building occupants. We believe our integrated solutions approach, which includes the supply of machines, tools, chemicals, processes and training to customers to drive productivity improvements, reduces risk of food safety events and improves infection control to reduce health care acquired infections, is a unique competitive strength. Additionally, the quality, ease of use and environmental profile of our products are unique and have helped support long-standing, profitable relationships with many top customers.

Competition in specialty materials is focused on performance characteristics and price. Competition for most of our Medical Applications products is based primarily on performance characteristics, service and price. Technical design capability is an additional competitive factor for the rigid packaging offered by the Medical Applications business.

Raw Materials and Sourcing

Suppliers provide raw materials, packaging components, equipment, accessories and contract manufactured goods. Our principal raw materials are 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 consolidated cost of sales. We also purchase corrugated materials, cores for rolls of products such as films and Bubble Wrap® brand cushioning, inks for printed materials, bag-in-the-box containers, bottles, drums, pails, totes, aerosol cans, caps, triggers, valves, and blowing agents used in the expansion of foam packaging products. In addition, we offer a wide variety of specialized packaging equipment, some of which we manufacture or have manufactured to our specifications, some of which we assemble and some of which we purchase from suppliers. Equipment and accessories include industrial and food packaging equipment, dilution-control warewashing and laundry equipment, floor care machines as well as items used in the maintenance of a facility such as air care dispensers, floor care applicators, microfiber mops and cloths, buckets, carts and other cleaning tools and utensils.

The vast majority of the raw materials required for the manufacture of our products and all components related to our equipment and accessories generally have been readily available on the open market, in most cases are available from several suppliers and are available in amounts sufficient to meet our manufacturing requirements. However, we have some sole-source suppliers, and the lack of availability of supplies could have a material negative impact on our business. Natural disasters such as hurricanes, as well as political instability and terrorist activities, may negatively impact the production or delivery capabilities of refineries and natural gas and petrochemical suppliers in the future. Due to by-product/co-product chemical relationships to the automotive and housing markets, several materials may become difficult to source. These factors could lead to increased prices for our raw materials, curtailment of supplies and allocation of raw materials by our suppliers. We source some materials used in our packaging products from materials recycled in our manufacturing operations or obtained through participation in recycling programs. Although we purchase some raw materials under long-term supply arrangements with third parties, these arrangements follow market forces and are in line with our overall global sourcing strategy, which seeks to balance the cost of acquisition and availability of supply.

We have a centralized supply chain organization, which includes the centralized management of procurement and logistic activities. Our objective is to leverage our global scale to achieve sourcing efficiencies and reduce our total delivered cost across all our regions. We do this while adhering to strategic performance metrics and stringent sourcing practices.

Research and Development Activities

We maintain a continuing effort to develop new products and improve our existing products and processes, including developing new packaging, non-packaging and chemical equipment and applications using our intellectual property. From time to time, we also acquire and commercialize new packaging and other products or techniques developed by others. Our research and development projects rely on our technical capabilities in the areas of food science, materials science, chemistry, package design and equipment engineering. Our research and development expense was $106 million in 2011, $88 million in 2010 and $81 million in 2009.

Our research and development activities are focused on end-use application. As a result, we operate:

- two food science laboratories located in the U.S. and Italy;

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35 industrial Package Design and Development Centers worldwide, which are located within our Protective Packaging facilities. These centers develop, test and validate cost-effective package designs;

seven research and development laboratories focused on the development of cleaning and sanitation formulations, which are located in the U.S., Germany, the Netherlands, Switzerland, India, Japan, and Brazil;

nine equipment design centers in the U.S., Germany, Switzerland, the U.K., and Japan that focus on equipment and parts design and innovation to support the development of comprehensive systems solutions;

two medical rigids packaging design centers in the U.S. and the Netherlands; and

one medical device packaging validation laboratory in the Netherlands.

Patents and Trademarks

We are the owner or licensee of an aggregate of over 4,600 United States and foreign patents and patent applications, as well as an aggregate of over 9,000 United States and foreign trademark registrations and trademark applications that relate to many of our products, manufacturing processes and equipment. We believe that our patents and trademarks collectively provide a competitive advantage. As such, each year we continue to file, in the aggregate, an average of 350 United States and foreign patent applications and 400 United States and foreign trademark applications. None of our reportable segments is dependent upon any single patent or trademark alone. Rather, we believe that our success depends primarily on our sales and service, marketing, engineering and manufacturing skills and on our ongoing research and development efforts. We believe that the expiration or unenforceability of any of our patents, applications, licenses or trademark registrations would not be material to our business or consolidated financial condition.

Environmental, Health and Safety Matters

As a manufacturer, we are subject to various laws, rules and regulations in the countries, jurisdictions and localities in which we operate. These cover: the safe storage and use of raw materials and production chemicals; the release of materials into the environment; standards for the treatment, storage and disposal of solid and hazardous wastes; or otherwise relate to the protection of the environment. We review environmental, health and safety laws and regulations pertaining to our operations and believe that compliance with current environmental and workplace health and safety laws and regulations has not had a material effect on our capital expenditures or consolidated financial condition.

In some jurisdictions in which our packaging products are sold or used, laws and regulations have been adopted or proposed that seek to regulate, among other things, minimum levels of recycled or reprocessed content and, more generally, the sale or disposal of packaging materials. In addition, customer demand continues to evolve for packaging materials that incorporate renewable materials or that are otherwise viewed as being environmentally sound. Our new venture activities, described above, include the development of packaging products from renewable resources. We maintain programs designed to comply with these laws and regulations, to monitor their evolution, and to meet this customer demand. One advantage inherent in many of our products is that thin, lightweight packaging solutions reduce waste and transportation costs in comparison to available alternatives. We continue to evaluate and implement new technologies in this area as they become available.

Various federal, state, local and foreign laws and regulations regulate some of our products and require us to register certain products and comply with specified requirements. In the United States, we must register our sanitizing and disinfecting products with the U.S. Environmental Protection Agency (EPA). We are also subject to various federal, state, local and foreign laws and regulations that regulate products manufactured and sold by is for controlling microbial growth on humans, animals and processed foods. In the United States, these requirements are general administered by the U.S. Food and Drug Administration (FDA). To date, the cost of complying with product registration requirements and FDA compliance has not had a material adverse effect on our business, financial condition, results of operations or cash flows.

We also support our customers interests in eliminating waste by offering or participating in collection programs for some of our products or product packaging and for materials used in some of our products. When possible, materials collected through these programs are reprocessed and either reused in our protective packaging operations or offered to other manufacturers for use in other products. In addition, gains that we have made in internal recycling programs have allowed us to improve our net raw material yield, thus mitigating the impact of resin costs, while lowering solid waste disposal costs and controlling environmental liability risks associated with waste disposal.

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Our emphasis on environmental, health and safety compliance provides us with risk reduction opportunities and cost savings through asset protection and protection of employees, for which we are recognized as leaders in our industry. Our website, *www.sealedair.com,* contains additional detailed information about our corporate citizenship initiatives.

Available Information

Our Internet address is *www.sealedair.com.* We make available, free of charge, on or through our website at *www.sealedair.com*, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports that we file or furnish pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, as soon as reasonably practicable after we electronically file these materials with, or furnish them to, the Securities and Exchange Commission.

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Item 1A. ***Risk Factors***

Introduction

Investors should carefully consider the risks described below before making an investment decision. These are the most significant risk factors, however, they are not the only risk factors that you should consider in making an investment decision. This Form 10-K also contains and may incorporate by reference forward-looking statements that involve risks and uncertainties. See the Cautionary Notice Regarding Forward-Looking Statements, in Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this Form 10-K. Our business, consolidated financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and investors in our securities may lose all or part of their investment.

Weakened global economic conditions have had and could continue to have an adverse effect on our consolidated financial condition and results of operations.

Weakened global economic conditions have had and may continue to have an adverse impact on our business in the form of lower net sales due to weakened demand, unfavorable changes in product price/mix, or lower profit margins. For example, the recent global economic downturn has adversely impacted some of our end-users and customers, such as food processors, distributors, supermarket retailers, hotels, restaurants, retail establishments, other retailers and e-commerce and mail order fulfillment firms, and other end-users that are particularly sensitive to business and consumer spending.

During economic downturns or recessions, there can be a heightened competition for sales and increased pressure to reduce selling prices as our customers may reduce their volume of purchases from us. If we lose significant sales volume or reduce selling prices significantly, then there could be a negative impact on our consolidated financial condition or results of operations, profitability and cash flows.

Also, reduced availability of credit may adversely affect the ability of some of our customers and suppliers to obtain funds for operations and capital expenditures. This could negatively impact our ability to obtain necessary supplies as well as our sales of materials and equipment to affected customers. This also could result in reduced or delayed collections of outstanding accounts receivable.

The global nature of our operations exposes us to numerous risks that could materially adversely affect our consolidated financial condition and results of operations.

We operate in 62 countries, and our products are distributed in those countries as well as in other parts of the world. A large portion of our manufacturing operations are located outside of the United States and a majority of our net sales are generated outside of the United States. Operations outside of the United States, particularly operations in developing regions, are subject to various risks that may not be present or as significant for our U.S. operations. Economic uncertainty in some of the geographic regions in which we operate, including developing regions, could result in the disruption of commerce and negatively impact cash flows from our operations in those areas.

Risks inherent in our international operations include:

- foreign currency exchange controls and tax rates;
- foreign currency exchange rate fluctuations, including devaluations;
- the potential for changes in regional and local economic conditions, including local inflationary pressures;
- restrictive governmental actions such as those on transfer or repatriation of funds and trade protection matters, including antidumping duties, tariffs, embargoes and prohibitions or restrictions on acquisitions or joint ventures;

changes in laws and regulations, including the laws and policies of the United States affecting trade and foreign investment;

the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;

variations in protection of intellectual property and other legal rights;

more expansive legal rights of foreign unions or works councils;

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changes in labor conditions and difficulties in staffing and managing international operations;

social plans that prohibit or increase the cost of certain restructuring actions;

the potential for nationalization of enterprises or facilities; and

unsettled political conditions and possible terrorist attacks against U.S. or other interests.

In addition, there are potential tax inefficiencies in repatriating funds from our non-U.S. subsidiaries.

These and other factors may have a material adverse effect on our international operations and, consequently, on our consolidated financial condition or results of operations.

If the Settlement agreement (as defined in Note 17, Commitments and Contingencies) is not implemented, we will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace. We have no control over the timing of the cash payment required from us under the Settlement agreement. We are also a defendant in a number of asbestos-related actions in Canada arising from Grace s activities in Canada prior to the 1998 transaction.

On March 31, 1998, Sealed Air completed a multi-step transaction (the Cryovac transaction) involving Grace which brought the Cryovac packaging business and the former Sealed Air Corporation s business under the common ownership of the Company. As part of that transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction (including asbestos-related liabilities), other than liabilities relating to Cryovac s operations, and agreed to indemnify the Company with respect to such retained liabilities. Since 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, the Company is responsible for the alleged asbestos liabilities of Grace and its subsidiaries. While they vary, these suits all appear to allege that the transfer of the Cryovac business was a fraudulent transfer or gave rise to successor liability. On April 2, 2001, Grace and certain of its subsidiaries filed for Chapter 11 relief in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). In connection with Grace s Chapter 11 case, the Bankruptcy Court issued orders dated May 3, 2001 and January 22, 2002, staying all asbestos actions against the Company. However, the official committees appointed to represent asbestos claimants in Grace s Chapter 11 case (the Committees) received the court s permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc. based upon the Cryovac transaction. This proceeding was brought in the U.S. District Court for the District of Delaware (the District Court) (Adv. No. 02-02210).

On November 27, 2002, we reached an agreement in principle with the Committees to resolve the fraudulent transfer proceeding and all current and future asbestos-related claims made against us and our affiliates in connection with the Cryovac transaction. 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. The parties to the agreement in principle signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On June 27, 2005, the Bankruptcy Court signed an order approving the definitive 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. On September 19, 2008, Grace, the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants Representative (the FCR), and the Official Committee of Equity Security Holders (the Equity Committee) filed, as co-proponents, a plan of reorganization (as filed and amended from time to time, 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. 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 our definitive Settlement agreement will be incorporated into the PI Settlement Plan and that we will pay the amount contemplated by that agreement.

On January 31, 2011, the Bankruptcy Court entered a memorandum opinion (the Bankruptcy Court Opinion) overruling certain objections to the PI Settlement Plan. On the same date, the Bankruptcy Court entered an order regarding confirmation of the PI Settlement Plan (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 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 Confirmation Order including the injunction under

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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 District Court Opinion) and confirmation order (the 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 2, 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 District Court Opinion and the District Court Confirmation Order insofar as they overrule 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 does not seek to disturb confirmation of the PI Settlement Plan but requests that the District Court amend and clarify certain matters in the District Court Opinion and the 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 does not oppose the Sealed Air/Fresenius Motion or the Plan Proponents Motion but indicates, among other things, that: (a) the Libby Claimants have reached a settlement in principle of their objections to the PI Settlement Plan but that this settlement has not become effective and (b) the Libby Claimants reserve their rights with respect to the PI Settlement Plan pending the effectiveness of the Libby Claimants settlement. In addition, parties have appealed the District Court Opinion and the District Court Confirmation Order to the United States Court of Appeals for the Third Circuit (the Third Circuit Court of Appeals). By orders dated February 23, 2012, the Third Circuit Court of Appeals stayed appeals of the District Court Opinion and the District Court Confirmation Order pending disposition of motions filed in the District Court with respect to the District Court Opinion and the District Court Confirmation Order. The District Court has not ruled on the Garlock Reargument Motion, the Sealed Air/Fresenius Motion, or the Plan Proponents Motion. In addition, on February 27, 2012, Garlock filed a motion (the Garlock Stay Motion) requesting that the District Court stay the District Court Opinion and the District Court Confirmation Order until the later of 14 days after the disposition of the Garlock Reargument Motion or disposition of any timely appeal by Garlock of the District Court Opinion and the District Court Confirmation Order. The District Court has not ruled on the Garlock Stay Motion.

If it becomes effective, the PI Settlement Plan may implement the terms of the Settlement agreement, but there can be 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. Parties have appealed the District Court Confirmation Order to the Third Circuit Court of Appeals or otherwise challenged the District Court Opinion and the District Court Confirmation Order. Matters relating to the PI Settlement Plan, the Bankruptcy and District Court Opinions, and the Bankruptcy and 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 may designate various issues to be considered in challenging the PI Settlement Plan, the Bankruptcy and District Court Opinions, or the Bankruptcy and 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 District Court Confirmation Order or the District Court Opinion, whether or when the Bankruptcy and District Court Opinions or the Bankruptcy and 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 and our affiliates will not be released from the various claims against us.

If the Settlement agreement does not become effective, either because Grace fails to emerge from bankruptcy or because Grace does not emerge from bankruptcy with a plan of reorganization that is consistent with the terms of the Settlement agreement, then we and our affiliates will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us and our affiliates noted above, 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 or results of operations.

Since November 2004, the Company and specified subsidiaries have been named as defendants in a number of cases, including a number of putative class actions, brought in Canada as a result of Grace s alleged marketing, manufacturing or distributing of asbestos or asbestos containing products in Canada prior to the Cryovac transaction in 1998. Grace has agreed to defend and indemnify us and our subsidiaries in these cases. The Canadian cases are currently stayed. A global settlement of these Canadian claims to be funded by

Grace has been approved by the Canadian court, and the PI Settlement Plan provides for payment of these claims. 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 District Court Confirmation Order on January 30, 2012; however, 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) is confirmed by the Bankruptcy Court and the District Court, and does become effective, if the final plan of reorganization does not incorporate the terms of the Canadian settlement or if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify us and our 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 or results of operations.

For further information concerning these matters, see Note 17, Commitments and Contingencies.

We require a significant amount of cash to service our indebtedness. The ability to generate cash and/or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control.

Our ability to make payments on our indebtedness, including our senior notes and our new Credit Facility, and to fund planned capital expenditures, research and development efforts and other corporate expenses depends on our future operating performance and on economic, financial, competitive, legislative, regulatory and other factors. Many of these factors are beyond our control. We cannot assure that our business will generate sufficient cash flow from operations, that currently anticipated cost savings, including synergies related to our acquisition of Diversey, and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to repay our indebtedness or to fund our other operating requirements. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects.

The indenture governing our new senior notes and the credit agreement for our new Credit Facility restrict our ability and the ability of most of our subsidiaries to engage in some business and financial transactions.

New Senior Notes. The indenture governing our new senior notes contains restrictive covenants that, among other things, limit our ability to:

- incur additional indebtedness;
- pay dividends, redeem stock or make other distributions;
- make investments;
- create liens;
- transfer or sell assets;
- merge or consolidate; and
- enter into certain transactions with our affiliates.

New Credit Facility. The credit agreement for our new Credit Facility contains a number of covenants that:

require us to meet specified financial ratios and financial tests;

restrict our ability to declare dividends;

restrict our ability to redeem and repurchase capital stock;

limit our ability to incur additional liens;

limit our ability to engage in sale-leaseback transactions; and

limit our ability to incur additional debt and make investments.

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The credit agreement for our new Credit Facility also contains other covenants customary for credit facilities of this nature. Our ability to borrow additional amounts under our Credit Facility depends upon satisfaction of these covenants. Events beyond our control can affect our ability to meet these covenants.

Raw material pricing, availability and allocation by suppliers as well as energy-related costs may negatively impact our results of operations, including our profit margins.

We use petrochemical-based raw materials to manufacture many of our products. The prices for these raw materials are cyclical, and increases in market demand or fluctuations in the global trade for petrochemical-based raw materials and energy could increase our costs. In addition, the prices of many of the key raw materials used in our Diversey business, such as caustic soda, solvents, waxes, phosphates, surfactants, polymers and resins, chelates and fragrances, are cyclical based on numerous supply and demand factors that are beyond our control. If we are unable to minimize the effects of increased raw material costs through sourcing, pricing or other actions, our business, consolidated financial condition or results of operations may be materially adversely affected. We also have some sole-source suppliers, and the lack of availability of supplies could have a material adverse effect on our consolidated financial condition or results of operations.

Natural disasters such as hurricanes, as well as political instability and terrorist activities, may negatively impact the production or delivery capabilities of refineries and natural gas and petrochemical suppliers and suppliers of other raw materials in the future. These factors could lead to increased prices for our raw materials, curtailment of supplies and allocation of raw materials by our suppliers, which could reduce revenues and profit margins and harm relations with our customers and which could have a material adverse effect on our consolidated financial condition or results of operations.

The effects of animal and food-related health issues such as bovine spongiform encephalopathy, also known as mad cow disease, foot-and-mouth disease and avian influenza or bird-flu, as well as other health issues affecting the food industry may lead to decreased revenues.

We manufacture and sell food packaging products, among other products. Various health issues affecting the food industry have in the past and may in the future have a negative effect on the sales of food packaging products. In recent years, occasional cases of mad cow disease have been confirmed and incidents of bird flu have surfaced in various countries. Outbreaks of animal diseases may lead governments to restrict exports and imports of potentially affected animals and food products, leading to decreased demand for our products and possibly also to the culling or slaughter of significant numbers of the animal population otherwise intended for food supply. Also, consumers may change their eating habits as a result of perceived problems with certain types of food. These factors may lead to reduced sales of food businesses products, which could have a material adverse effect on our consolidated financial condition or results of operations.

Demand for our products could be adversely affected by changes in consumer preferences.

Our sales depend heavily on the volumes of sales by our customers in the food processing and food service industries. Consumer preferences for food and packaging formats of prepackaged food can influence our sales, as can consumer preferences for fresh and unpackaged foods. Changes in consumer behavior, including changes in consumer preferences driven by various health-related concerns and perceptions, could negatively impact demand for our products.

The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.

Customers in the building care, food service, food and beverage processing, lodging, retail and health care sectors have been consolidating in recent years, and we believe this trend may continue. Such consolidation could have an adverse impact on the pricing of our products and services and our ability to retain customers, which could in turn adversely affect our business, consolidated financial condition or results of operations.

We experience competition in the markets for our products and services and in the geographic areas in which we operate.

Our packaging products compete with similar products made by other manufacturers and with a number of other types of materials or products. We compete on the basis of performance characteristics of our products, as well as service, price and innovations in technology. A number of competing domestic and foreign companies are well-established.

The market for our Diversey segment s products is highly competitive. Our Diversey segment faces significant competition from global, national, regional and local companies within some or all of its product lines in each sector that it serves. Barriers to entry and expansion in the institutional and industrial cleaning, sanitation and hygiene industry are low.

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Our inability to maintain a competitive advantage could result in lower prices or lower sales volumes for our products, which would have an adverse impact on our consolidated financial condition or results of operations.

Concerns about greenhouse gas (GHG) emissions and climate change and the resulting governmental and market responses to these issues could increase costs that we incur and could otherwise affect our consolidated financial condition or results of operations.

Numerous legislative and regulatory initiatives have been enacted and proposed in response to concerns about GHG emissions and climate change. We are a manufacturing entity that utilizes petrochemical-based raw materials to produce many of our products, including plastic packaging materials. Increased environmental legislation or regulation could result in higher costs for us in the form of higher raw materials and freight and energy costs. We could also incur additional compliance costs for monitoring and reporting emissions and for maintaining permits. It is also possible that certain materials might cease to be permitted to be used in our processes.

Disruption and volatility of the financial and credit markets could affect our external liquidity sources.

Our principal sources of liquidity are accumulated cash and cash equivalents, short-term investments, cash flow from operations and amounts available under our existing and new lines of credit, including our new Credit Facility and our accounts receivable securitization program. We cannot assure that we will be able to refinance any of our indebtedness, including our new senior notes and our new Credit Facility, on commercially reasonable terms or at all. Our accounts receivable securitization program includes a bank financing commitment that must be renewed annually prior to the expiration date. The bank financing commitment was renewed on December 2, 2011. While the bank is not obligated to renew the bank financing commitment, we have negotiated annual renewals since the commencement of the program in 2001.

Additionally, conditions in financial markets could affect financial institutions with which we have relationships and could result in adverse effects on our ability to utilize fully our committed borrowing facilities. For example, a lender under the senior secured credit facilities may be unwilling or unable to fund a borrowing request, and we may not be able to replace such lender.

Strengthening of the U.S. dollar and other foreign currency exchange rate fluctuations could materially impact our consolidated financial condition or results of operations.

A majority of our net sales are generated outside the United States. We translate sales and other results denominated in foreign currency into U.S. dollars for our consolidated financial statements. During periods of a strengthening U.S. dollar, our reported international sales and net earnings could be reduced because foreign currencies may translate into fewer U.S. dollars.

Also, while we often produce in the same geographic markets as our products are sold, expenses are more concentrated in the United States compared with sales, so that in a time of strengthening of the U.S. dollar, our profit margins could be reduced. While we use financial instruments to hedge certain foreign currency exposures, this does not insulate us completely from foreign currency effects.

We have recognized foreign exchange gains and losses related to the currency devaluations in Venezuela and its designation as a highly inflationary economy under U.S. GAAP, effective January 1, 2010. See Sealed Air Management s Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures About Market Risk Foreign Exchange Rates Venezuela.

We may use financial instruments from time to time to manage exposure to foreign exchange rate fluctuations, which exposes us to counterparty credit risk for non-performance. See Note 12, Derivatives and Hedging Activities.

In all jurisdictions in which we operate, we are also subject to laws and regulations that govern foreign investment, foreign trade and currency exchange transactions. These laws and regulations may limit our ability to repatriate cash as dividends or otherwise to the United States and may limit our ability to convert foreign currency cash flows into U.S. dollars.

The full realization of our deferred tax assets, including primarily those related to the Settlement agreement, may be affected by a number of factors.

We have deferred tax assets related to the Settlement agreement, other accruals not yet deductible for tax purposes, foreign tax credits, foreign net operating loss carry forwards and investment tax allowances, employee benefit items, and other items. We have established valuation allowances to reduce those deferred tax assets to an amount that is more likely than not to be realized. Our

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ability to utilize these deferred tax assets depends in part upon our future operating results. We expect to realize these assets over an extended period. If we are unable to generate sufficient future taxable income in certain 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. This would result in an increase in our effective tax rate, and would have an adverse effect on our future consolidated results of operations. In addition, changes in statutory tax rates may change our deferred tax assets or liability balances, with either favorable or unfavorable impact on our effective tax rate. Our deferred tax assets may also be impacted by new legislation or regulation.

Our largest deferred tax asset relates to our Settlement agreement. The value of this asset, which was $384 million at December 31, 2011, may be affected by our tax situation at the time of the payment under the Settlement agreement as well as by the value of our common stock at that time. The deferred tax asset reflects 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. We will not be able to realize this deferred tax asset and related cash tax benefits until a plan of reorganization of Grace becomes effective.

Our annual effective income tax rate can change materially as a result of changes in our mix of U.S. and foreign earnings and other factors, including changes in tax laws and changes made by regulatory authorities.

Our overall effective income tax rate is equal to our total tax expense as a percentage of total earnings before tax. However, income tax expense and benefits are not recognized on a global basis but rather on a jurisdictional or legal entity basis. Losses in one jurisdiction may not be used to offset profits in other jurisdictions and may cause an increase in our tax rate. Income tax provision changes in statutory tax rates and laws, as well as ongoing audits by domestic and international authorities, could affect the amount of income taxes and other taxes paid by us. For example, legislative proposals to change U.S. taxation of non-U.S. earnings could increase our effective tax rate. Also, changes in the mix of earnings (or losses) between jurisdictions and assumptions used in the calculation of income taxes, among other factors, could have a significant effect on our overall effective income tax rate. In addition, our effective tax rate would increase if we were unable to generate sufficient future taxable income in certain jurisdictions, or if we were otherwise required to increase our valuation allowances against our deferred tax assets.

We are subject to taxation in multiple jurisdictions. As a result, any adverse development in the tax laws of any of these jurisdictions or any disagreement with our tax positions could have a material adverse effect on our business, consolidated financial condition or results of operations.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to transfer pricing laws with respect to our intercompany transactions, including those relating to the flow of funds among our companies. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation thereof, in any applicable jurisdiction, could have a material adverse effect on our business, consolidated financial condition or results of our operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. If any applicable tax authorities, including U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could have a material adverse effect on our business, consolidated financial condition or results of our operations.

Our performance and prospects for future growth could be adversely affected if new products do not meet sales or margin expectations.

Our competitive advantage is due in part to our ability to develop and introduce new products in a timely manner at favorable margins. The development and introduction cycle of new products can be lengthy and involve high levels of investment. New products may not meet sales or margin expectations due to many factors, including our inability to (i) accurately predict demand, end-user preferences and evolving industry standards; (ii) resolve technical and technological challenges in a timely and cost-effective manner; or (iii) achieve manufacturing efficiencies.

A major loss of or disruption in our manufacturing and distribution operations or our information systems and telecommunication resources could adversely affect our business, consolidated financial condition or results of operations.

If we experienced a natural disaster, such as a tornado, hurricane, earthquake or other severe weather event, or a casualty loss from an event such as a fire or flood, at one of our larger strategic facilities or if such event affected a key supplier, our supply chain or our information systems and telecommunication resources, then there could be a material adverse effect on our consolidated financial condition or results of operations.

We are dependent on internal and third party information technology networks and systems, including the Internet, to process,

transmit and store electronic information. In particular, we depend on our information technology infrastructure for fulfilling and invoicing customer orders, applying cash receipts, and placing purchase orders with suppliers, making cash disbursements, and conducting digital marketing activities, data processing and electronic communications among business locations. We also depend on telecommunication systems for communications between company personnel and our customers and suppliers. Future system disruptions, security breaches or shutdowns could significantly disrupt our operations or result in lost or misappropriated information and may have a material adverse effect on our business, consolidated financial condition or results of operations.

We recorded a significant amount of additional goodwill and other identifiable intangible assets as a result of the acquisition of Diversey, and we may never realize the full carrying value of these assets.

As a result of the acquisition of Diversey, we recorded a significant amount of additional goodwill and other identifiable intangible assets, including customer relationships, trademarks and developed technologies.

We test goodwill and intangible assets with indefinite useful lives 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. Amortizable intangible assets are periodically reviewed for possible impairment whenever there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment may result from, among other things, (i) a decrease in our expected net earnings; (ii) adverse equity market conditions; (iii) a decline in current market multiples; (iv) a decline in our common stock price; (v) a significant adverse change in legal factors or business climates; (vi) an adverse action or assessment by a regulator; (vii) heightened competition; (viii) strategic decisions made in response to economic or competitive conditions; or (ix) a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of. In the event that we determine that events or circumstances exist that indicate that the carrying value of goodwill or identifiable intangible assets may no longer be recoverable, we might have to recognize a non-cash impairment of goodwill or other identifiable intangible assets, which could have a material adverse effect on our consolidated financial condition or results of operations.

Product liability claims or regulatory actions could adversely affect our financial results or harm our reputation or the value of our brands.

Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. In addition to the risk of substantial monetary judgments, product liability claims or regulatory actions could result in negative publicity that could harm our reputation in the marketplace or adversely impact the value of our brands or our ability to sell our products in certain jurisdictions. We could also be required to recall possibly defective products, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, potential product liability claims could be excluded or exceed coverage limits under the terms of our insurance policies or could result in increased costs for such coverage.

The relationship with S.C. Johnson & Son, Inc. (SCJ) is important to our Diversey business, and any damage to this relationship could have a material adverse effect on the Diversey business.

Our Diversey segment is party to various agreements with SCJ, including a brand license agreement (the BLA), a technology disclosure and license agreement, supply and manufacturing agreements and several leases. Under the BLA, Diversey is granted a license in specified territories to sell certain SCJ products and use specified trade names and house marks owned by SCJ including the right to use Johnson in combination with its owned trade name Diversey, in the institutional and industrial channels of trade and, subject to certain limitations, in specified channels of trade in which both Diversey s business and SCJ s consumer business operate. SCJ and its affiliates supply products under the BLA. Sales of these products have historically been significant to Diversey s business. In addition, in some countries, Diversey depends on SCJ to produce or sell some of its products. If we default under our agreements with SCJ and the agreements are terminated, SCJ fails to perform its obligations under these agreements, or our relationship with SCJ is otherwise damaged or severed, this could have a material adverse effect on our Diversey business, consolidated financial condition or results of operations.

Diversey also holds licenses to use some trademarks and technology of Unilever in the market for institutional and industrial cleaning, sanitation and hygiene products and related services under license agreements with Unilever. We believe that these license agreements are significant to our Diversey business and the termination of our rights under any of these agreements may have a material adverse effect on our Diversey business, consolidated financial condition or results of operations.

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If we are unable to retain key employees and other personnel, our consolidated financial condition or results of operations may be adversely affected.

Our success depends largely on the efforts and abilities of our management team and other key personnel. Their experience and industry contacts significantly benefit us, and we need their expertise to execute our business strategies. If any of our senior management or other key personnel ceases to work for us, our business, consolidated financial condition or results of operations may be materially adversely affected.

The integration process and our ability to successfully conduct the combined business going forward will require the experience and expertise of key employees from both Sealed Air and Diversey. Therefore, the ability to successfully integrate operations, as well as the future success of the combined company s operations, will depend in part on our ability to retain such key employees. We may not be able to retain key employees for the time period necessary to complete the integration process or beyond. Although we do not have any reason to believe any of these employees will cease to be employed by us, the loss of such employees could adversely affect our business, consolidated financial condition or results of operations.

On July 28, 2011, David H. Kelsey notified us of his resignation as Chief Financial Officer of the Company effective as of August 12, 2011. Tod S. Christie, who was serving as the Company s Treasurer, was appointed as the Interim Chief Financial Officer, effective as of the close of business on August 12, 2011. We intend to appoint a new Chief Financial Officer once we have identified and agreed on terms with a suitable candidate. We can provide no assurance as to how long it will take us to appoint a new Chief Financial Officer.

We could experience disruptions in operations and/or increased labor costs.

In Europe and Latin America, the majority of our employees is represented by labor unions and is covered by collective bargaining agreements, which are generally renewable on an annual basis. As is the case with any negotiation, we may not be able to negotiate acceptable new collective bargaining agreements, which could result in strikes or work stoppages by affected workers. Renewal of collective bargaining agreements could also result in higher wages or benefits paid to union members. A disruption in operations or higher ongoing labor costs could materially affect our business.

The United States Patient Protection and Affordable Care Act and the United States Health Care and Education Reconciliation Act of 2010 could result in increased costs related to our postretirement benefit plans.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law. These statutes include a number of provisions that will impact companies that provide retiree health care benefits through postretirement benefit plans and will require certain changes to be made to individual plans in order to comply with the new legislation.

In addition, these statutes require changes to our information technology infrastructure and in our administrative processes. The ultimate extent and cost of these changes, including the timing of when these costs will be recognized in our consolidated financial statements, cannot be determined at this time but will continue to be evaluated as regulations and interpretations relating to the legislation become available.

We are subject to a variety of environmental and product registration laws that expose us to potential financial liability and increased operating costs.

Our operations are subject to a number of federal, state, local and foreign environmental, health and safety laws and regulations that govern, among other things, the manufacture of our products, the discharge of pollutants into the air, soil and water and the use, handling, transportation, storage and disposal of hazardous materials.

Some jurisdictions have laws and regulations that govern the registration and labeling of some of our products. Some of these laws require us to have operating permits for our production and warehouse facilities and operations. Any failure to obtain, maintain or comply with the terms of these permits could result in fines or penalties, revocation or nonrenewal of our permits, or orders to cease certain operations, and may have a material adverse effect on our business, financial condition, results of operations and cash flows. For example, a recent unfavorable court decision regarding a municipal operating permit for one of our food packaging facilities in Sao Paulo, Brazil leaves the facility subject to an administrative procedure that could lead to the closure of the facility. Although we are working to resolve the dispute, if our facility is required to close or relocate we could incur substantial costs.

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We generate, use and dispose of hazardous materials in our manufacturing processes. In the event our operations result in the release of hazardous materials into the environment, we may become responsible for the costs associated with the investigation and

remediation of sites at which we have released pollutants, or sites where we have disposed or arranged for the disposal of hazardous wastes, even if we fully complied with environmental laws at the time of disposal. We have been, and may continue to be, responsible for the cost of remediation at some locations.

We expect significant future environmental compliance obligations in our European operations as a result of a European Union (EU) Directive Registration, Evaluation, Authorization, and Restriction of Chemicals (EU Directive No. 2006/1907) enacted on December 18, 2006. The directive imposes several requirements related to the identification and management of risks related to chemical substances manufactured or marketed in Europe. The EU has also recently enacted a "Classification, Packaging and Labeling" regulation. Other jurisdictions may impose similar requirements.

We cannot predict with reasonable certainty the future cost to us of environmental compliance, product registration, or environmental remediation. Environmental laws have become more stringent and complex over time. Our environmental costs and operating expenses will be subject to evolving regulatory requirements and will depend on the scope and timing of the effectiveness of requirements in these various jurisdictions. As a result of such requirements, we may be subject to an increased regulatory burden, and we expect significant future environmental compliance obligations in our operations. Increased compliance costs, increasing risks and penalties associated with violations, or our inability to market some of our products in certain jurisdictions may have a material adverse effect on our business, consolidated financial condition or results of operations.

The legacy Diversey business had tendered various environmental indemnification claims to Unilever pursuant to the Unilever Acquisition Agreement (as defined below).

Under a previous acquisition agreement between the legacy Diversey business and Unilever (the Unilever Acquisition Agreement), Unilever made warranties to Diversey with respect to the facilities formerly owned by Unilever. In addition, Unilever agreed to indemnify Diversey for specified types of environmental liabilities if the aggregate amount of damages meets various dollar thresholds, subject to a cap of $250 million in the aggregate. Diversey was required to notify Unilever of any environmental indemnification claims by May 3, 2008. Any environmental claims pending after this date, with respect to which Diversey has notified Unilever, remain subject to indemnification until remediation is completed in accordance with the Unilever Acquisition Agreement. If Diversey incurs damages or liabilities that do not meet the indemnity thresholds under the Unilever Acquisition Agreement, if Diversey failed to notify Unilever of an environmental indemnity claim within the period specified in the Unilever Acquisition Agreement or if the aggregate limits on indemnity payments under the Unilever Acquisition Agreement become applicable, Diversey would not be entitled to indemnity from Unilever for such non-qualifying claims and it would be required to bear the costs.

Diversey has previously tendered various environmental indemnification claims to Unilever in connection with former Unilever locations. Unilever has not indicated its agreement with Diversey s request for indemnification. We may file additional requests for reimbursement in the future in connection with pending indemnification claims. However, there can be no assurance that we will be able to recover any amounts relating to these indemnification claims from Unilever.

Our insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.

Our business is subject to operating hazards and risks relating to handling, storing, transporting and use of the products we sell. We maintain insurance policies in amounts and with coverage and deductibles that we believe are reasonable and prudent. Nevertheless, our insurance coverage may not be adequate to protect us from all liabilities and expenses that may arise from claims for personal injury or death or property damage arising in the ordinary course of business, and our current levels of insurance may not be maintained or available in the future at economical prices. If a significant liability claim is brought against us that is not adequately covered by insurance, we may have to pay the claim with our own funds, which could have a material adverse effect on our business, consolidated financial condition or results of operations.

If we are not able to protect our trade secrets or maintain our trademarks, patents and other intellectual property, we may not be able to prevent competitors from developing similar products or from marketing their products in a manner that capitalizes on our trademarks, and this loss of a competitive advantage could decrease our profitability and liquidity.

Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our owned and licensed intellectual property. If we were unable to maintain the proprietary nature of our intellectual property and our significant current or proposed products, this loss of a competitive advantage could result in decreased sales or increased operating costs, either of which could have a material adverse effect on our business, consolidated financial condition or results of operations.

We rely on trade secrets to maintain our competitive position, including protecting the formulation and manufacturing techniques of many of our products. As such, we have not sought U.S. or international patent protection for some of our principal product formula and manufacturing processes. Accordingly, we may not be able to prevent others from developing products that are similar to or competitive with our products.

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We own a large number of patents and pending patent applications on our products, aspects thereof, methods of use, and/or methods of manufacturing. There is a risk that our patents may not provide meaningful protection and patents may never be issued for our pending patent applications.

We own, or have licenses to use, all of the material trademark and trade name rights used in connection with the packaging, marketing and distribution of our major products both in the United States and in other countries where our products are principally sold. Trademark and trade name protection is important to our business. Although most of our trademarks are registered in the United States and in the foreign countries in which we operate, we may not be successful in asserting trademark or trade name protection. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States. The costs required to protect our trademarks and trade names may be substantial.

We cannot be certain that we will be able to assert these intellectual property rights successfully in the future or that they will not be invalidated, circumvented or challenged. Other parties may infringe on our intellectual property rights and may thereby dilute the value of our intellectual property in the marketplace. Third parties, including competitors, may assert intellectual property infringement or invalidity claims against us that could be upheld. Intellectual property litigation, which could result in substantial cost to and diversion of effort by us, may be necessary to protect our trade secrets or proprietary technology or for us to defend against claimed infringement of the rights of others and to determine the scope and validity of others proprietary rights. We may not prevail in any such litigation, and if we are unsuccessful, we may not be able to obtain any necessary licenses on reasonable terms or at all.

Any failure by us to protect our trademarks and other intellectual property rights may have a material adverse effect on our business, consolidated financial condition or results of operations.

The relocation of manufacturing capability from Diversey s U.S. manufacturing facility could adversely affect our business, consolidated financial condition or results of operations.

Our legacy Diversey business manufactures a significant portion of the products it sells. The lease from SCJ of the Waxdale manufacturing facility in Sturtevant, Wisconsin will expire on May 31, 2013, and we do not plan to renew this lease after expiration. We have made arrangements to relocate its manufacturing capability by moving some production to its other locations in North America, and by pursuing contract manufacturing for a portion of its product lines. The timeline to transition out of Waxdale is not certain, but production is expected to cease and decommissioning is expected to begin during the first half of 2012. This relocation may pose significant risks, which could include:

- the risk that we may be unable to integrate successfully the relocated manufacturing operations;
- the risk that we may be unable to coordinate management and integrate and retain employees of the relocated manufacturing operations;
- the risk that we may face difficulties in implementing and maintaining consistent standards, controls, procedures, policies and information systems;
- the risk that we may fail to realize anticipated synergies, economies of scale or other anticipated benefits, or to maintain operating margins;
- potential strains on our personnel, systems and resources, and diversion of attention from other priorities; and
- any unforeseen or contingent liabilities of the relocated manufacturing operations.

We may not achieve growth through acquisitions.

As part of our business strategy, we may from time to time pursue acquisitions of companies that we believe are strategic to our business. There can be no assurance that we will be able to identify attractive acquisition targets, negotiate satisfactory terms for acquisitions or obtain necessary financing for acquisitions. Further, acquisitions involve risks, including that acquired businesses will not perform in accordance with expectations, that we will not realize the operating efficiencies expected from acquisitions and that business judgments concerning the value, strengths and weaknesses of companies we acquire will prove to have been incorrect. If we fail to complete acquisitions, if we acquire companies but are not able to successfully integrate them with our business or if we do not otherwise realize the anticipated financial and strategic goals for our acquisitions, our business and results of operations may be adversely affected. In addition, future acquisitions may result in the incurrence of debt and contingent liabilities and an increase in interest expense, amortization expenses and significant charges relating to integration costs.

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The combination of our business with the Diversey business will require significant management attention, and we may incur significant additional integration costs because of integration difficulties and other challenges.

We are in the process of integrating the Diversey business with our legacy business. We are required to devote significant management attention and resources to integrating the two businesses. Our failure to meet the challenges involved in successfully completing the integration of our operations could adversely affect our results of operations. Challenges involved in the integration include:

- integrating successfully each company's operations; and
- combining corporate cultures, maintaining employee morale and retaining key employees.

We may not successfully complete the integration of our operations in a timely manner and may have difficulty integrating the Diversey business. We may not achieve the synergy targets that we currently anticipate. We may experience disruptions in relationships with current and new employees, customers and suppliers.

We already have incurred and we expect to incur additional non-recurring costs associated with combining the operations of the two companies. Some of these costs may be higher than anticipated. We may also incur unanticipated costs, including costs to maintain employee morale, retain key employees and successfully integrate the Diversey business.

We have made certain assumptions relating to the acquisition of Diversey in our forecasts that may prove to be materially inaccurate.

We have made certain assumptions relating to the forecast level of cost savings, revenue synergies and associated costs of the acquisition of Diversey. Our assumptions relating to the forecast level of cost savings, revenue synergies and associated costs of the acquisition may be inaccurate based on the information available to us or as a result of the failure to realize the expected benefits of the acquisition, higher than expected integration costs, unknown liabilities and global economic and business conditions that may adversely affect the combined company following the completion of the acquisition.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We manufacture products in 145 facilities, with 44 of those facilities serving more than one of our business segments and our Other category of products. The geographic dispersion of our manufacturing facilities is as follows:

Geographic Region	**Number of Manufacturing Facilities**
North America	57
Europe, Middle East and Africa (EMEA)	47
Latin America	15
Asia Pacific	26
Total	145

Manufacturing Facilities by Reportable Segment and Other

Food Packaging: We produce Food Packaging products in 36 manufacturing facilities, of which 13 are in North America, 9 in the EMEA region, 7 in Latin America, and 7 in the Asia-Pacific region.

Food Solutions: We produce Food Solutions products in 41 manufacturing facilities, of which 14 are in North America, 15 in the EMEA region, 5 in Latin America, and 7 in the Asia-Pacific region.

Protective Packaging: We produce Protective Packaging products in 73 manufacturing facilities, of which 32 are in North America, 23 in the EMEA region, 7 in Latin America, and 11 in the Asia-Pacific region.

Diversey: We produce Diversey products in 27 manufacturing facilities, of which 7 are in North America, 11 in the EMEA region, 3 in Latin America, and 6 in the Asia-Pacific region.

Other Products: We produce Other products in 26 manufacturing facilities, of which 10 are in North America, 12 in the EMEA region, 3 in Latin America, and 1 in the Asia-Pacific region.

Other Property Information

We own the large majority of our manufacturing facilities. Some of these facilities are subject to secured or other financing arrangements. We lease the balance of our manufacturing facilities, which are generally smaller sites. Our manufacturing facilities are usually located in general purpose buildings that house our specialized machinery for the manufacture of one or more products. Because of the relatively low density of our air cellular, polyethylene foam and protective mailer products, we realize significant freight savings by locating our manufacturing facilities for these products near our customers and distributors.

We also occupy facilities containing sales, distribution, technical, warehouse or administrative functions at a number of locations in the United States and in many foreign countries. Some of these facilities are located on the manufacturing sites that we own and some on those that we lease. Stand-alone facilities of these types are generally leased. Our global headquarters are located in a leased property in Elmwood Park, New Jersey. For a list of those countries outside of the United States where we have operations, see Foreign Operations above. Our website, *www.sealedair.com*, contains additional information about our worldwide business.

We believe that our manufacturing, warehouse, office and other facilities are well maintained, suitable for their purposes and adequate for our needs.

Item 3. *Legal Proceedings*

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 17, Commitments and Contingencies, under the caption Cryovac Transaction Commitments and Contingencies is incorporated herein by reference.

At December 31, 2011, we were a party to, or otherwise involved in, several federal, state and foreign environmental proceedings and private environmental claims for the cleanup of Superfund sites under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 and other sites. We may have potential liability for investigation and cleanup of some of these sites. It is our policy to accrue for environmental cleanup costs if it is probable that a liability has been incurred and if we can reasonably estimate an amount or range of costs associated with various alternative remediation strategies, without giving effect to any possible future insurance proceeds. As assessments and cleanups proceed, we review these liabilities periodically and adjust our reserves as additional information becomes available. At December 31, 2011, environmental related reserves were not material to our consolidated financial condition or results of operations. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to us and our experience in dealing with these matters, we believe that our potential future liability with respect to these sites is not material to our consolidated financial condition or results of operations.

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

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Item 4. ***Mine Safety Disclosures.***

Not applicable

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Part II

Item 5. *Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common stock is listed on the New York Stock Exchange under the trading symbol SEE. The table below shows the quarterly high and low closing sales prices of our common stock and cash dividends per share for 2011 and 2010.

2011	High	Low	Dividends
First Quarter	$ 28.52	$ 25.15	$ 0.13
Second Quarter	26.90	21.89	0.13
Third Quarter	23.87	16.70	0.13
Fourth Quarter	18.72	15.61	0.13

2010	High	Low	Dividends
First Quarter	$ 22.02	$ 18.84	$ 0.12
Second Quarter	23.26	19.72	0.12
Third Quarter	22.96	19.49	0.13
Fourth Quarter	25.59	22.25	0.13

As of January 31, 2012, there were approximately 6,000 holders of record of our common stock.

Dividends

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.

The following table shows our total cash dividends paid each year since we initiated quarterly cash dividend payments in 2006.

	Total Cash Dividends Paid (In millions)	Total Cash Dividends Paid per Common Share
2006	$ 48.6	$ 0.30
2007	64.6	0.40
2008	76.4	0.48
2009	75.7	0.48
2010	79.7	0.50
2011	87.4	0.52
Total	$ 432.4	

On February 16, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share payable on March 16, 2012 to stockholders of record at the close of business on March 2, 2012. The estimated amount of this dividend payment is $25 million based on 192 million shares of our common stock issued and outstanding as of January 31, 2012.

The dividend payments discussed above are recorded as reductions to cash and cash equivalents and retained earnings on our consolidated balance sheets. 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 Performance Comparisons

The following graph shows, for the five years ended December 31, 2011, the cumulative total return on an investment of $100 assumed to have been made on December 31, 2006 in our common stock. The graph compares this return (SEE) with that of comparable investments assumed to have been made on the same date in: (a) the Standard & Poor s 500 Stock Index (Composite S&P 500); (b) a prior self-constructed peer group (Peer Group 1) and (c) an updated self-constructed peer group (Peer Group 2).

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The prior Peer Group 1 includes us and the following other companies: Avery Dennison Corporation; Ball Corporation; Bemis Company, Inc.; Crown Holdings, Inc.; Greif, Inc.; MeadWestvaco Corporation; Owens-Illinois, Inc.; Packaging Corporation of America; Pactiv Corporation (for 2006 through 2009); Rock-Tenn Company; Rockwood Holdings Inc.; Silgan Holdings Inc.; Sonoco Products Co.; and Temple-Inland, Inc. Pactiv Corporation is included in Peer Group 1 only in the periods 2006 through 2009. Pactiv was acquired on November 16, 2010 and concurrently delisted as a public company.

In 2011, as a result of the acquisition of Diversey, we revised our peer group and designated it Peer Group 2, which replaced Peer Group 1 beginning January 1, 2012. We decided to utilize Peer Group 2 rather than Peer Group 1 because we believe that Peer Group 2 more closely represents public companies in packaging and chemical and related industries that are comparable to us based on sales, total assets, numbers of employees and market capitalization following the Diversey acquisition. Further, the Organization and Compensation Committee of our Board of Directors, or Compensation Committee, will use this peer group to benchmark executive compensation going forward.

The updated Peer Group 2 includes us and the following companies: Agrium Inc., Air Products & Chemicals, Inc.; Ashland Inc.; Avery Dennison Corporation; Ball Corporation; Bemis Company, Inc.; Celanese Corporation; Crown Holdings, Inc.; Eastman Chemical Company; Ecolab Inc.; Huntsman Corporation; MeadWestvaco Corporation; Monsanto Company; The Mosaic Company; Owens-Illinois, Inc.; PPG Industries, Inc.; Praxair, Inc.; The Sherwin-Williams Company; and Sonoco Products Co.

Total return for each assumed investment assumes the reinvestment of all dividends on December 31 of the year in which the dividends were paid.

5-Year Compound Annual Growth Rate

SEE: (-9.7%)

Composite S&P 500: (-0.2%)

Peer Group 1: (+4.5%)

Peer Group 2: (+5.4%)

Issuer Purchases of Equity Securities

The table below sets forth the total number of shares of our common stock, par value $0.10 per share, that we repurchased in each month of the quarter ended December 31, 2011, the average price paid per share and the maximum number of shares that may yet be purchased under our publicly announced plans or programs.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Share Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
	(a)	(b)	(c)	(d)
Balance as of September 30, 2011		$		15,546,142
October 1, 2011 through October 31, 2011	8,500			15,546,142
November 1, 2011 through November 30, 2011	8,000			15,546,142
December 1, 2011 through December 31, 2011	4,220			15,546,142
Total	20,720	$		15,546,142

(1) We did not purchase any shares during the quarter ended December 31, 2011 pursuant to our publicly announced program (described below). We did acquire shares by means of (a) shares withheld from awards under our 2005 contingent stock plan pursuant to the provision thereof that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (b) shares reacquired pursuant to the forfeiture provision of our 2005 contingent stock plan. (See table below.) We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable, including commissions. For shares withheld for tax withholding obligations or other legally required charges, we withhold shares at a price equal to their fair market value. We do not make payments for shares reacquired by the Company pursuant to the forfeiture provision of the 2005 contingent stock plan as those shares are simply forfeited.

Period	Shares withheld for tax obligations and charges	Average withholding price for shares in column a	Forfeitures under 2005 Contingent Stock Plan	Total
	(a)	(b)	(c)	(d)
October 2011		$	8,500	8,500
November 2011			8,000	8,000
December 2011	3,420	18.46	800	4,220
Total	3,420	$ 18.46	17,300	20,720

On August 9, 2007, we announced that our Board of Directors had approved a share repurchase program authorizing us to repurchase in the aggregate up to 20 million shares of our issued and outstanding common stock (described further under the caption, Repurchases of Capital Stock, in Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II Item 7 of this Annual Report on Form 10-K). This program has no set expiration date. This program replaced our prior share repurchase program, which we terminated at that time.

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Item 6. ***Selected Financial Data***

	Year Ended December 31,				
	2011(1)	2010	2009	2008	2007
	(In millions, except per common share data)				
Consolidated Statements of Operations Data(2):					
Net sales	$ 5,640.9	$ 4,490.1	$ 4,242.8	$ 4,843.5	$ 4,651.2
Gross profit	1,641.2	1,252.8	1,218.5	1,236.6	1,301.1
Operating profit	447.4	535.0	492.3	396.5	549.3
Earnings before income tax provision	216.1	343.4	329.9	222.3	456.0
Net earnings	149.1	255.9	244.3	179.9	353.0
Basic and diluted net earnings per common share:					
Basic	$ 0.89	$ 1.61	$ 1.54	$ 1.13	$ 2.19
Diluted	$ 0.80	$ 1.44	$ 1.35	$ 0.99	$ 1.88
Common stock dividends	$ 88.7	$ 80.9	$ 77.5	$ 76.4	$ 64.6
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$ 722.8	$ 675.6	$ 694.5	$ 128.9	$ 430.3
Intangible assets, net	2,103.2	78.0	58.4	64.2	70.4
Goodwill	4,220.5	1,945.9	1,948.7	1,938.1	1,969.7
Total assets	11,496.7	5,399.4	5,420.1	4,986.0	5,438.3
Settlement agreement and related accrued interest	831.2	787.9	746.8	707.8	670.9
Long-term debt, less current portion(3)	5,010.9	1,399.2	1,626.3	1,289.9	1,531.6
Total stockholders equity	2,952.4	2,401.6	2,200.3	1,925.6	2,025.5
Working capital	879.1	592.3	639.6	50.5	194.5
Consolidated Cash Flows Data:					
Net cash provided by operating activities	$ 392.1	$ 483.1	$ 552.0	$ 404.4	$ 378.1
Net cash used in investing activities	(2,370.4)	(96.9)	(70.3)	(176.7)	(274.1)
Net cash provided by (used in) financing activities	2,023.6	(373.0)	90.3	(562.9)	(59.5)
Other Financial Data:					
Depreciation and amortization(4)	$ 189.5	$ 154.7	$ 154.5	$ 155.0	$ 150.4
Share-based incentive compensation(4)	25.0	30.6	38.8	16.5	15.9
Capital expenditures	124.5	87.6	80.3	180.7	210.8

(1) Includes the financial results of Diversey for the period beginning October 3, 2011 through December 31, 2011. The financial results included in this Form 10-K related to the acquisition accounting for the Diversey transaction are subject to change as the acquisition method of accounting is not yet finalized and dependent upon the finalization of management s review of certain independent valuations and studies. See Note 3, Acquisition of Diversey Holdings, Inc., for further information about the acquisition and related transactions and the acquisition method of accounting.

(2) See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of the factors that contributed to our consolidated operating results for the three years ended December 31, 2011.

(3) See Note 11, Debt and Credit Facilities, for a discussion of our outstanding debt and available lines of credit.

(4) The depreciation and amortization amounts for 2007 and 2008 have been adjusted to exclude share-based incentive compensation expense to conform to the 2009 through 2011 presentation. Share-based incentive compensation expense is included in marketing, administrative and development expenses on our consolidated statements of operations for all periods.

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Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

The information in Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read together with our consolidated financial statements and related notes set forth in Part II, Item 8, as well as the discussion included in Part I, Item 1A, Risk Factors, of this Annual Report on Form 10-K. All amounts and percentages are approximate due to rounding and all dollars are in millions, except per share amounts.

Cautionary Notice Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, costs, plans and objectives are forward-looking statements. The SEC encourages companies to disclose forward-looking statements so that investors can better understand a company s future prospects and make informed investment decisions. Some of our statements in this report, in documents incorporated by reference into this report and in our future oral and written statements may be forward-looking. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial condition and results of operations. These forward-looking statements are based upon our current expectations concerning future events and discuss, among other things, anticipated future financial performance and future business plans. Forward-looking statements are necessarily subject to risks and uncertainties, many of which are outside our control, that could cause actual results to differ materially from these statements. Forward-looking statements can be identified by such words as anticipates, believes, plan, assumes, could, should, estimates, expects, intends, potential, seek, predict, may, will and similar expressions. Examples o forward-looking statements include projections regarding our financial performance such as those in the "Components of Change in Net Sales" and "Cost of Sales" sections of our MD&A.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the implementation of our Settlement agreement regarding the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against the Company arising from a 1998 transaction with W. R. Grace & Co.; global economic conditions; credit ratings; changes in raw material pricing and availability; changes in energy costs; competitive conditions and contract terms; currency translation and devaluation effects, including in Venezuela; the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts; the effects of animal and food-related health issues; pandemics; consumer preferences; environmental matters; regulatory actions and legal matters; successful integration and the other information referenced below under Item 1A, "Risk Factors." Except as required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Non-U.S. GAAP Information

In our MD&A, we present financial information in accordance with U.S. GAAP. In addition, we present financial information that does not conform to U.S. GAAP, which we refer to as non-U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. The non-U.S. GAAP information has limitations as an analytical tool and should not be considered in isolation from or as a substitute for U.S. GAAP information. It does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Further, non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others. Investors are cautioned against placing undue reliance on these non-U.S. GAAP measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures.

Our management may assess our financial results, such as gross profit, operating profit and diluted net earnings per common share (EPS), both on a U.S. GAAP basis and on an adjusted non-U.S. GAAP basis. Examples of some other supplemental financial metrics our management will also use to assess our financial performance include Earnings before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA, Adjusted EPS, Adjusted Cash EPS and Free Cash Flow. These non-U.S. GAAP financial measures provide management with additional means to understand and evaluate the core operating results and trends in our ongoing business by eliminating certain one-time expenses and/or gains (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and peers more difficult, obscure trends in ongoing operations or reduce management s ability to make useful forecasts. Our non-U.S. GAAP financial measures may also be considered in calculations of our performance measures set by the Organization and Compensation Committee of our Board of Directors for purposes of determining incentive compensation.

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The non-U.S. GAAP financial metrics mentioned above exclude items we consider unusual or special items and also exclude their related tax effects. We evaluate the unusual or special items on an individual basis. Our evaluation of whether to exclude an unusual or special item for purposes of determining our non-U.S. GAAP financial measures considers both the quantitative and qualitative aspects of the item, including, among other things (i) its nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis.

Another non-U.S GAAP financial metric we present is our core income tax provision and/or core tax rate. Our core taxes are measures of our U.S. GAAP reported effective tax rate, which is adjusted for the same items applicable to our core taxes that are excluded from our adjusted net earnings and adjusted EPS metrics. We consider our core taxes as an indicator of the taxes on our core business. The tax situation and effective tax rate of a specific country where the excluded or special items occur will determine the impact (positive or negative) on our core taxes.

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

Overview

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 now, as a result of our acquisition of Diversey on October 3, 2011, Diversey® brand cleaning and hygiene solutions. We offer efficient and sustainable solutions that create business value for customers, enhance the quality of life for consumers and provide a cleaner and healthier environment for future generations.

At December 31, 2011, we employed approximately 8,200 sales, marketing and customer service personnel throughout the world who sell and market our products to and through a large number of distributors, fabricators, converters, e-commerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, foodservice businesses, supermarket retailers, lodging, retail pharmaceutical companies, health care facilities, medical device manufacturers, and other manufacturers. We have no material long-term contracts for the distribution of our products. In 2011, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Historically, net sales in our food businesses have tended to be slightly lower in the first quarter and slightly higher towards the end of the third quarter through the fourth quarter, due to holiday events. Net sales in our Protective Packaging segment have also tended to be slightly lower in the first quarter and higher during the back-to-school season in the mid-third quarter and through the fourth quarter due to the holiday shopping season. The Diversey segment s net sales trend slightly lower in the first quarter, while second quarter sales represent a modest seasonal peak due to the European-based lodging and food and beverage demand. On a consolidated basis, there is little seasonality in the business, with net sales slightly lower in the first quarter and slightly higher towards the end of the third quarter through the fourth quarter. Our consolidated net earnings typically trend directionally the same as our net sales seasonality.

However, other factors may outweigh the effects of seasonal changes in our net earnings results including, but not limited to, changes in raw materials and other costs, foreign exchange rates, interest rates, taxes and restructuring and the timing and amount of acquisition synergies and other non-recurring charges.

Competition for most of our packaging products is based primarily on packaging performance characteristics, service and price. Competition is also based upon innovations in packaging technology and, as a result, we maintain ongoing research and development programs to enable us to maintain technological leadership. Our Diversey solutions face a wide spectrum of competitors across each product category. Competition is both global and regional in scope and includes numerous small, local competitors with limited product portfolios and geographic reach. For more details, see Competition included in Business, of Item 1, Part I.

Our net sales are sensitive to developments in our customers business or market conditions, changes in the global economy, and the effects of foreign currency translation. Our costs can vary materially due to changes in input costs, including petrochemical-related costs (primarily resin costs), which are not within our control. Consequently, our management focuses on reducing those costs that we can control and using petrochemical-based and other raw materials as efficiently as possible. We also believe that our global presence helps to insulate us from localized changes in business conditions.

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We manage our businesses to generate substantial operating cash flow. We believe that our operating cash flow will permit us to continue to spend on innovative research and development and to invest in our business by means of capital expenditures for property and equipment and acquisitions. Moreover, we expect that our ability to generate substantial operating cash flow should provide us with the flexibility to repay debt and to return capital to our stockholders.

Significant 2011 Events

Acquisition of Diversey

On October 3, 2011, we completed the acquisition of Diversey. The financial results presented in this MD&A include the financial results of Diversey for the period beginning October 3, 2011 through December 31, 2011. See Note 1, Organization and Nature of Operations, and Note 3, Acquisition of Diversey Holdings, Inc., for further details.

Quarterly Cash Dividends

We declared and paid quarterly cash dividends of $0.13 per common share on March 18, 2011 to stockholders of record at the close of business on March 4, 2011, on June 17, 2011 to stockholders of record at the close of business on June 3, 2011, on September 16, 2011 to stockholders of record at the close of business on September 2, 2011 and on December 16, 2011 to stockholders of record at the close of business on December 2, 2011. We used available cash totaling $87 million to pay these quarterly cash dividends.

On February 16, 2012, our Board of Directors declared a quarterly cash dividend of $0.13 per common share payable on March 16, 2012 to stockholders of record at the close of business on March 2, 2012. The estimated amount of this dividend payment is $25 million based on 192 million shares of our common stock issued and outstanding as of January 31, 2012.

2012 Outlook

Our 2012 Adjusted EPS is anticipated to be in the range of $1.50 per share to $1.60 per share.

Our Adjusted EPS range reflects the following assumptions:

- net sales in the range of $8.2 billion to $8.3 billion, which includes an assumption of a full year unfavorable impact from foreign currency translation;

- cost of sales as a percent of net sales of 65%, which includes $20 million of synergies (see 2011 2014 Integration and Optimization Program below);

- marketing, administrative and development expense in the range of 24% to 25% of net sales, which includes $30 million of synergies (see 2011 2014 Integration and Optimization Program below);

- depreciation and amortization expense of $320 million, which includes $135 million of amortization of acquired intangible assets;

- amortization expense of non-cash, share-based compensation of $25 million;

- interest expense of $380 million;

- core tax rate of 30%; and

- weighted average diluted common shares of 211 million.

Additionally, we anticipate capital expenditures to be in the range of $180 million to $190 million, which includes capital expenditures associated with the 2011-2014 Integration and Optimization Program. See Restructuring Activities below.

Our adjusted EPS outlook excludes the payment of the Settlement agreement, as the exact timing of the settlement is unknown. Final payment of the Settlement agreement is expected to be accretive to EPS by approximately $0.13 annually following the payment date under the assumption of using a substantial portion of cash on hand for the payment and ceasing to accrue interest on the Settlement agreement amount. Additionally, our outlook excludes any non-operating gains or losses that may be recognized in 2012 due to currency fluctuations in Venezuela.

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Highlights of Financial Performance

Below are the highlights of our financial performance for the three years ended December 31, 2011.

	2011	2010	2009	2011 vs. 2010 % Change	2010 vs. 2009 % Change
Net sales	$ 5,640.9	$ 4,490.1	$ 4,242.8	26%	6%
Gross profit	$ 1,641.2	$ 1,252.8	$ 1,218.5	31%	3%
As a % of net sales	29.1%	27.9%	28.7%		
Marketing, administrative and development expenses(1)	1,034.9	699.0	707.5	48	(1)
As a % of net sales	*18.3%*	*15.6%*	*16.7%*		
Amortization expense of intangible assets acquired	41.3	11.2	11.7	#	(4)
Costs related to the acquisition of Diversey	64.8			#	
Restructuring and other charges	52.8	7.6	7.0	#	9
Operating profit	$ 447.4	$ 535.0	$ 492.3	(16)%	9%
As a % of total net sales	*7.9%*	*11.9%*	*11.6%*		
Interest expense	(217.1)	(161.6)	(154.9)	34%	4%
Other expense, net	(13.9)	(2.9)	(0.1)	#	#
Net earnings available to common stockholders	$ 149.1	$ 255.9	$ 244.3	(42)%	5%
Net earnings available to common stockholders-diluted	$ 148.3	$ 254.4	$ 246.9	(42)%	3%
Net earnings per common share:					
Basic	$ 0.89	$ 1.61	$ 1.54	(45)%	4%
Diluted	$ 0.80	$ 1.44	$ 1.35	(44)%	7%
Weighted average number of common shares outstanding:					
Basic	167.0	158.3	157.2	5%	1%
Diluted	185.4	176.7	182.6	5%	(3)%
Non-U.S. GAAP adjusted diluted net earnings per common share	$ 1.31	$ 1.60	$ 1.44	(18)%	11%

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

(1) The marketing, administrative and development expenses for 2009 and 2010 have been adjusted to exclude amortization expense of intangible assets acquired to conform to the 2011 presentation.

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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,					
	2011		2010		2009	
	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net earnings and EPS available to common stockholders-diluted	**$ 148.3**	**$ 0.80**	**$ 254.4**	**$ 1.44**	**$ 246.9**	**$ 1.35**
Items excluded from the calculation of adjusted net earnings available to common stockholders and adjusted EPS, net of taxes when applicable(1):						
Special items:						
Add: Costs related to the acquisition of Diversey	46.0	0.24	-	-	-	-
Add: Integration and optimization program restructuring charges	34.3	0.19	-	-	-	-
Add: Additional cost of sales for the step-up in inventories	8.6	0.05	-	-	-	-
Add: Legacy Diversey non-recurring charges	9.0	0.05	-	-	-	-
Add: Loss on debt redemption	-	-	24.3	0.14	2.1	0.01
Add: Global manufacturing strategy charges	-	-	5.1	0.03	11.4	0.07
Add: European manufacturing facility closure charges	0.2	-	4.8	0.03	-	-
Less: Gain on sale of facility	(3.2)	(0.02)	-	-	-	-
Less: Gain on sale of available-for-sale securities, net of impairment	-	-	(3.7)	(0.02)	2.5	0.01
Add / (less): Foreign currency exchange losses (gains) related to Venezuelan subsidiaries	0.2	-	(3.6)	(0.02)	-	-
Non-U.S. GAAP adjusted net earnings and EPS	**$ 243.4**	**$ 1.31**	**$ 281.3**	**$ 1.60**	**$ 262.9**	**$ 1.44**

(1) The income tax effect on the special items included in the table above is detailed in the table below.

Tax Effect on Special Items

	Year Ended December 31,		
	2011	2010	2009
Costs related to the acquisition of Diversey	$18.8	$-	$-
Integration and optimization program restructuring charges	18.6	-	-
Additional cost of sales for the step-up in inventories	3.0	-	-
Legacy Diversey non-recurring charges	3.6	-	-
Loss on debt redemption	-	14.2	1.3
Global manufacturing strategy charges	-	2.3	5.3
European manufacturing facility closure charges	0.1	2.1	-
Gain on sale of facility	(0.7)	-	-
Gain on sale of available-for-sale securities, net of impairment	-	(2.2)	1.5
Foreign currency exchange losses/gains related to Venezuelan subsidiaries	0.1	(1.9)	-

See Note 19, Net Earnings Per Common Share, for details on the calculation of our U.S. GAAP basic and diluted EPS.

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, 2011.

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Net Sales by Segment Reporting Structure

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

	2011	2010	2009	2011 vs. 2010 % Change	2010 vs. 2009 % Change
Net sales:					
Food Packaging	$ 2,053.2	$ 1,923.6	$ 1,839.8	7%	5%
As a % of total net sales	36%	43%	43%		
Food Solutions	1,015.4	934.9	891.7	9	5
As a % of total net sales	18%	21%	21%		
Protective Packaging	1,409.5	1,299.4	1,192.9	8	9
As a % of total net sales	25%	29%	28%		
Diversey	795.9			#	#
As a % of total net sales	14%	%	%		
Other	366.9	332.2	318.4	10	4
As a % of total net sales	7%	7%	8%		
Total	$ 5,640.9	$ 4,490.1	$ 4,242.8	26%	6%

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

Net Sales by Geographic Region

The following table presents our net sales by geographic region:

	2011	2010	2009	2011 vs. 2010 % Change	2010 vs. 2009 % Change
Net sales:					
U.S.	$ 2,305.2	$ 2,081.6	$ 1,969.1	11%	6%
As a % of total net sales	41%	46%	46%		
International	3,335.7	2,408.5	2,273.7	39	6
As a % of total net sales	59%	54%	54%		
Total net sales	$ 5,640.9	$ 4,490.1	$ 4,242.8	26%	6%

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

2011 compared with 2010

	U.S.		International		Total Company	
Volume Units	$ 17.4	1%	$ 59.5	3%	$ 76.9	2%
Volume Acquired businesses, net of dispositions	115.0	6	682.3	28	797.3	18
Product price/mix	91.1	4	30.7	1	121.8	3
Foreign currency translation			154.8	7	154.8	3

Total	$ 223.5	11%	$ 927.3	39%	$ 1,150.8	26%

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

2010 compared with 2009

	U.S.		International		Total Company	
Volume Units	$ 116.4	6%	$ 99.3	4%	$ 215.7	5%
Volume Acquired businesses, net of dispositions	(1.8)		(1.8)		(3.6)	
Product price/mix	(2.0)		(32.7)	(1)	(34.7)	(1)
Foreign currency translation			69.9	3	69.9	2
Total	$ 112.6	6%	$ 134.7	6%	$ 247.3	6%

Foreign Currency Translation Impact on Net Sales

As shown above, 59% of our consolidated net sales in 2011 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 2011 were the euro, the Australian dollar, the Brazilian real, the Canadian dollar, the British pound and the Mexican peso.

We experienced a favorable impact from the translation of our foreign currency-denominated net sales of $155 million in 2011 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 in the fourth quarter of 2011.

In 2010, we experienced a favorable foreign currency translation impact on net sales of $70 million compared with 2009 due to the strengthening of most foreign currencies against the U.S. dollar.

Components of Change in Net Sales

The following tables present the components of change in net sales by our segment reporting structure for 2011 compared with 2010 and 2010 compared with 2009. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as constant dollar. We believe using constant dollar measures aids in the comparability between periods.

2011 Compared with 2010	Food Packaging		Food Solutions		Protective Packaging		Diversey		Other		Total Company	
Volume Units	$ 8.9	1%	$ (1.2)		$ 50.1	4%	$	%	$ 19.1	6%	$ 76.9	2%
Volume Acquired businesses, net of (dispositions)	0.4				1.0		795.9				797.3	18
Product price/mix(1)	58.6	3	38.1	4	21.3	2			3.8	1	121.8	3
Foreign currency translation	61.7	3	43.6	5	37.7	3			11.8	4	154.8	3
Total change (U.S. GAAP)	$ 129.6	7%	$ 80.5	9%	$ 110.1	9%	$ 795.9	%	$ 34.7	11%	$ 1,150.8	26%
Impact of foreign currency translation	$ (61.7)	(3)%	$ (43.6)	(5)%	$ (37.7)	(3)%	$	%	$ (11.8)	(4)%	$ (154.8)	(4)%
Total constant dollar change (Non-U.S. GAAP)	**$ 67.9**	**4%**	**$ 36.9**	**4%**	**$ 72.4**	**6%**	**$ 795.9**	**%**	**$ 22.9**	**7%**	**$ 996.0**	**22%**

2010 Compared with 2009	Food Packaging		Food Solutions		Protective Packaging		Other		Total Company	
Volume Units	$ 64.1	4%	$ 25.5	3%	$ 107.5	9%	$ 18.6	6%	$ 215.7	5%
Volume Acquired businesses, net of (dispositions)					(1.8)		(1.8)	(1)	(3.6)	
Product price/mix(1)	(30.2)	(2)	4.9	1	(9.9)	(1)	0.5		(34.7)	(1)
Foreign currency translation	49.9	3	12.8	1	10.7	1	(3.5)	(1)	69.9	2
Total change (U.S. GAAP)	$ 83.8	5%	$ 43.2	5%	$ 106.5	9%	$ 13.8	4%	$ 247.3	6%

Impact of foreign currency translation	$ (49.9)	(3)%	$ (12.8)	(1)%	$ (10.7)	(1)%	$ 3.5	1%	$ (69.9)	(2)%
Total constant dollar change (Non-U.S. GAAP)	**$ 33.9**	**2%**	**$ 30.4**	**4%**	**$ 95.8**	**8%**	**$ 17.3**	**5%**	**$ 177.4**	**4%**

(1) Our product price/mix reported above includes the net impact of our pricing actions and rebat