

SEALED AIR CORP/DE
Form 10-Q
May 08, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

Or

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

For the transition period from _____ to
Commission File Number: 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

65-0654331
(I.R.S. Employer
Identification Number)

200 Riverfront Boulevard
Elmwood Park, New Jersey
(Address of Principal Executive Offices)

07407-1033
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months

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(or shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer 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

There were 158,608,442 shares of the registrant's common stock, par value \$0.10 per share, issued and outstanding as of April 30, 2009.

SEALED AIR CORPORATION AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009
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SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
Net sales:		
Food Packaging	\$ 424.0	\$ 468.3
Food Solutions	205.2	235.7
Protective Packaging	280.1	372.9
Other	79.2	100.5
Total net sales	988.5	1,177.4
Cost of sales	702.8	872.3
Gross profit	285.7	305.1
Marketing, administrative and development expenses	166.2	186.4
Restructuring (credits) and other charges	(0.4)	2.0
Operating profit	119.9	116.7
Interest expense	(34.9)	(35.4)
Other (expense) income, net	(3.4)	0.2
Earnings before income tax provision	81.6	81.5
Income tax provision	23.5	20.7
Net earnings	\$ 58.1	\$ 60.8
Net earnings per common share:		
Basic	\$ 0.37	\$ 0.38
Diluted	\$ 0.32	\$ 0.33
Dividends per common share	\$ 0.12	\$ 0.12
Weighted average number of common shares outstanding:		
Basic	156.7	159.7
Diluted	187.9	190.5

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	March 31, 2009	December 31, 2008
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 426.2	\$ 128.9
Receivables, net of allowance for doubtful accounts of \$21.2 in 2009 and \$19.5 in 2008	637.9	682.8
Inventories	549.0	564.3
Other current assets	295.4	296.7
Total current assets	1,908.5	1,672.7
Property and equipment, net	1,009.7	1,051.4
Goodwill	1,932.6	1,938.1
Non-current investments available-for-sale securities	10.7	10.7
Other assets, net	319.4	313.1
Total assets	\$ 5,180.9	\$ 4,986.0
Liabilities and stockholders' equity		
Current liabilities:		
Short-term borrowings	\$ 36.1	\$ 37.6
Current portion of long-term debt	150.3	151.5
Accounts payable	216.4	277.2
Settlement agreement and related accrued interest	717.6	707.8
Accrued restructuring costs	37.5	49.4
Other current liabilities	378.9	398.7
Total current liabilities	1,536.8	1,622.2
Long-term debt, less current portion	1,589.6	1,289.9
Other liabilities	134.3	148.3
Total liabilities	3,260.7	3,060.4
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2009 and 2008		
Common stock, \$0.10 par value per share, 400,000,000 shares authorized; shares issued: 168,335,442 in 2009 and 168,111,815 in 2008; shares outstanding: 158,601,303 in 2009 and 157,882,527 in 2008	16.8	16.8
Common stock reserved for issuance related to asbestos Settlement, \$0.10 par value per share, 18,000,000 shares in 2009 and 2008	1.8	1.8
Additional paid-in capital	1,094.6	1,102.5
Retained earnings	1,403.3	1,364.3
Common stock in treasury, 9,734,139 shares in 2009 and 10,229,288 shares in 2008	(363.4)	(383.2)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(58.4)	(60.2)
Cumulative translation adjustment	(181.3)	(122.4)

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Unrealized gain on derivative instruments	4.7	5.0
Total accumulated other comprehensive loss, net of taxes	(235.0)	(177.6)
Total parent company stockholders' equity	1,918.1	1,924.6
Noncontrolling interests	2.1	1.0
Total stockholders' equity	1,920.2	1,925.6
Total liabilities and stockholders' equity	\$ 5,180.9	\$ 4,986.0

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net earnings	\$ 58.1	\$ 60.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	44.5	44.7
Amortization of senior debt related items and other	0.5	0.4
Deferred taxes, net	(3.8)	(11.7)
Net (gain) on disposals of property and equipment and other	(0.9)	
Changes in operating assets and liabilities:		
Receivables, net	100.0	26.9
Accounts receivable securitization program	(80.0)	
Inventories	(1.1)	(34.6)
Other current assets	(0.4)	0.5
Other assets, net	3.8	7.6
Accounts payable	(53.4)	(15.0)
Income taxes payable	3.7	16.8
Other current liabilities	(9.4)	(61.9)
Other liabilities	(5.4)	(2.8)
 Net cash provided by operating activities	 56.2	 31.7
Cash flows from investing activities:		
Capital expenditures for property and equipment	(24.4)	(40.5)
Proceeds from sales of property and equipment	1.7	0.1
Other investing activities	(1.2)	(0.6)
 Net cash used in investing activities	 (23.9)	 (41.0)
Cash flows from financing activities:		
Proceeds from (payments of) long-term debt	299.1	(0.9)
Dividends paid on common stock	(19.0)	(19.4)
Net (payments of) proceeds from short-term borrowings	(0.3)	8.5
Repurchases of common stock		(27.1)
 Net cash provided by (used in) financing activities	 279.8	 (38.9)
 Effect of foreign currency exchange rate changes on cash and cash equivalents	 (14.8)	 48.8
Cash and cash equivalents:		
Balance, beginning of period	\$ 128.9	\$ 430.3
Net change during the period	297.3	0.6
 Balance, end of period	 \$ 426.2	 \$ 430.9

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Supplemental Cash Flow Information:

Interest payments, net of amounts capitalized	\$ 26.6	\$ 25.1
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Income tax payments	\$ 27.8	\$ 14.5
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Non-cash item:

Issuance of shares of the Company's common stock to the Company's 2008 employee profit sharing plan	\$ 5.9	\$
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See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)

	Three Months Ended March 31,	
	2009	2008
Net earnings	\$ 58.1	\$ 60.8
Other comprehensive income (loss):		
Recognition of deferred pension items, net of income tax provision of \$0.4 in 2009 and \$0.2 in 2008	1.8	1.4
Unrealized losses on derivative instruments, net of income tax benefit of \$0.1 in 2009 and \$0.2 in 2008	(0.3)	(0.3)
Unrealized losses on available-for-sale securities, net of income tax benefit of \$0.8 in 2008	-	(1.3)
Foreign currency translation adjustments	(58.9)	98.0
Comprehensive income, net of taxes	\$ 0.7	\$ 158.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

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

(1) Organization and Basis of Consolidation

Sealed Air Corporation and its subsidiaries, or the Company, is a leading global innovator and manufacturer of a wide range of packaging and performance-based materials and equipment systems that serve an array of food, industrial, medical and consumer applications.

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

Basis of Consolidation

The condensed consolidated financial statements include all the accounts of the Company. All significant intercompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the Company's condensed consolidated balance sheet as of March 31, 2009 and the condensed consolidated statements of operations for the three months ended March 31, 2009 and 2008 have been made. The results set forth in the condensed consolidated statements of operations for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year. All amounts are approximate due to rounding. Certain prior period amounts have been reclassified to conform to the current year's presentation. Reclassifications in the aggregate had an immaterial effect on the Company's condensed consolidated financial statements.

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

The Company is responsible for the unaudited condensed consolidated financial statements and notes included in this document. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and with the information contained in the Company's other publicly-available filings with the SEC.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(2) Recent Accounting Pronouncements

Adopted in 2009

In April 2009, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies." This FSP amends and clarifies SFAS No. 141(R) (see below) to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This FSP is effective for assets or liabilities arising from contingencies in any future business combinations the Company completes.

FSP No. EITF 03-6-1

In June 2008, the FASB issued FSP No. Emerging Issues Task Force ("EITF") 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." This FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in earnings allocation in computing earnings per common share under the two-class method described in paragraphs 60 and 61 of SFAS No. 128, "Earnings per Share." The Company adopted the provisions of this FSP on January 1, 2009. Accordingly, all prior period net earnings per common share data presented have been adjusted to conform to the provisions of this FSP. See Note 16, "Net Earnings Per Common Share," for further information. The adoption of this FSP did not have a material effect on the Company's previously reported net earnings per common share.

FSP No. FAS 142-3

In April 2008, the FASB issued FSP No. FAS 142-3, "Determination of the Useful Life of Intangible Assets." FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." Beginning January 1, 2009, the requirement for determining useful lives must be applied prospectively to intangible assets acquired after January 1, 2009 and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, January 1, 2009. The impact of this FSP will be dependent on any intangible assets that may be acquired in the future by the Company.

SFAS No. 161

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" an amendment of SFAS No. 133." SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(2) Recent Accounting Pronouncements (Continued)

cash flows. The Company adopted the provisions of SFAS No. 161 on January 1, 2009. See Note 11, "Derivatives and Hedging Activities," for further information.

FSP No. 157-2

In February 2008, the FASB issued FSP 157-2, which delayed the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company adopted this FSP on January 1, 2009 for items within the scope of this FSP. This FSP did not have an impact on the Company's consolidated financial position or results of operations.

SFAS No. 141(R)

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, including goodwill, the liabilities assumed and any non-controlling interest in the acquiree. SFAS No. 141(R) also establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) was effective for the Company for business combinations for which the acquisition date is on or after January 1, 2009. Accordingly, any future business combinations the Company completes will be accounted for under this new standard.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an Amendment of Accounting Research Bulletin No. 51." SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. The Company adopted SFAS No. 160 on January 1, 2009 and reclassified its noncontrolling interests to stockholders' equity from total liabilities and presented total parent company stockholders' equity as a separate line item in the condensed consolidated balance sheet. This adoption did not have a material impact on the Company's consolidated financial position or results of operations.

Pending Adoption

In April 2009, the FASB issued the following FSPs that provide additional application guidance and enhance disclosure requirements regarding fair value measurements and impairments of securities.

FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(Unaudited)****(Amounts in tables are in millions, except share and per share data)****(2) Recent Accounting Pronouncements (Continued)**

Orderly," provides guidelines for making fair value measurements more consistent with the principles presented in SFAS No. 157, "Fair Value Measurements."

FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," enhances consistency in financial reporting by increasing the frequency of fair value disclosures.

FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments," provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities.

These FSPs are effective for the Company for the interim period ending June 30, 2009. The Company is currently evaluating the impact, if any, these FSPs may have on its consolidated financial position and results of operations and specifically the impact these FSPs may have on its determination of the fair value of its investments in auction rate securities.

FSP No. FAS 132(R)-1

In December 2008, the FASB issued FSP 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." This FSP provides guidance on an employer's disclosures about plan assets of a defined benefit pension plan or other postretirement plan, including disclosure of how investment allocation decisions are made, major categories of plan assets, inputs and valuation techniques used to measure the fair value of plan assets and concentrations of credit risk. This FSP is effective for fiscal years ending after December 15, 2009. This FSP will not impact the Company's consolidated financial position or results of operations as its requirements are disclosure-only in nature.

(3) Segments

The following table shows net sales, depreciation and amortization and operating profit by the Company's segment reporting structure.

	Three Months Ended March 31,	
	2009	2008
Net sales:		
Food Packaging	\$424.0	\$ 468.3
Food Solutions	205.2	235.7
Protective Packaging	280.1	372.9
Other	79.2	100.5
Total	\$988.5	\$1,177.4

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(3) Segments (Continued)

	Three Months Ended March 31,	
	2009	2008
Depreciation and amortization:		
Food Packaging	\$ 20.2	\$ 17.8
Food Solutions	8.8	8.0
Protective Packaging	10.6	14.6
Other	4.9	4.3
Total	\$ 44.5	\$ 44.7
Operating profit(1):		
Food Packaging	\$ 58.6	\$ 56.2
Food Solutions	22.5	16.9
Protective Packaging	34.2	41.4
Other	4.2	4.2
Total segments and other	119.5	118.7
Restructuring (credits) and other charges(2)	(0.4)	2.0
Total	\$ 119.9	\$ 116.7

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

(2) The restructuring (credits) and other charges by the Company's segment reporting structure were as follows:

	Three Months Ended March 31,	
	2009	2008
Food Packaging	\$ (0.5)	\$ 1.9
Food Solutions	0.1	
Protective Packaging		0.1
Other		
Total	\$ (0.4)	\$ 2.0

Restructuring (credits) and other charges primarily related to the Company's global manufacturing strategy. See Note 4, "Cost Reduction and Productivity Program and Global Manufacturing Strategy," for further discussion.

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The following table shows assets allocated to the Company's reportable segments. Only assets which are identifiable by segment and reviewed by the Company's chief operating decision maker by segment are allocated to the reportable segment assets, which are trade receivables, net, and finished goods inventory, net. All other assets are included in "Assets not allocated." Assets not allocated include goodwill of \$1,932.6 million at March 31, 2009 and \$1,938.1 million at December 31, 2008 and

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(Unaudited)****(Amounts in tables are in millions, except share and per share data)****(3) Segments (Continued)**

total property and equipment, net, of \$1,009.7 million at March 31, 2009 and \$1,051.4 million at December 31, 2008.

	March 31, 2009	December 31, 2008
Assets:		
Trade receivables, net, and finished goods inventory, net		
Food Packaging	\$ 418.1	\$ 443.1
Food Solutions	215.0	216.6
Protective Packaging	272.2	281.2
Other	63.9	72.5
Total segments and other	969.2	1,013.4
Assets not allocated	4,211.7	3,972.6
Total	\$ 5,180.9	\$ 4,986.0

Allocation of Goodwill to Reportable Segments

In accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," and because the Company's management views goodwill as a corporate asset, the Company does not allocate its goodwill balance to its reportable segments. However, in accordance with the provisions of SFAS No. 142, the Company is required to allocate goodwill to each reporting unit in order to perform its annual impairment review of goodwill, which it does during the fourth quarter of the year. See Note 9, "Goodwill and Identifiable Intangible Assets," for the allocation of goodwill in accordance with the provisions of SFAS No. 142, the changes in the three months ended March 31, 2009 by the Company's segment reporting structure and details of the Company's interim goodwill impairment review.

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

In the third quarter of 2008, the Company implemented a cost reduction and productivity program. The components of the restructuring accrual, which was primarily for termination benefits, through March 31, 2009 and the accrual balance remaining at March 31, 2009 related to this program are included in the table below. The Company expects to incur additional modest costs associated with this program in the remainder of 2009.

Restructuring accrual at December 31, 2008	\$ 43.7
Cash payments made during 2009	(14.7)
Effect of changes in foreign currency rates	(1.2)
 Restructuring accrual at March 31, 2009	 \$ 27.8

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(Unaudited)****(Amounts in tables are in millions, except share and per share data)****(4) Cost Reduction and Productivity Program and Global Manufacturing Strategy (Continued)**

The Company expects to pay \$26.8 million of the accrual balance remaining at March 31, 2009 within the next 12 months. This amount is included in other current liabilities on the condensed consolidated balance sheet at March 31, 2009. The remaining accrual of \$1.0 million is expected to be paid by the end of 2010 and is included in other liabilities on the condensed consolidated balance sheet at March 31, 2009.

Global Manufacturing Strategy

The Company's global manufacturing strategy, when fully implemented, will expand production in regions where demand for the Company's products and services has been growing significantly. At the same time, the Company is optimizing certain manufacturing platforms in North America and Europe into centers of excellence. The goals of this multi-year program are to expand capacity in growing markets, further improve the Company's operating efficiencies, and implement new technologies more effectively. By taking advantage of new technologies and streamlining production on a global scale, the Company expects to continue to enhance its profitable growth and its global leadership position and produce meaningful savings.

The Company announced the first phase of this multi-year global manufacturing strategy in July 2006. At the end of 2008, the construction phase of the program was substantially complete. The capital expenditures and associated costs and related restructuring charges and the total amounts incurred since inception of this multi-year strategy are included in the table below.

	Three Months Ended March 31,		Cumulative Through
	2009	2008	March 31, 2009
Capital expenditures	\$ 6.2	\$ 8.7	\$ 138.9
Associated costs(1)	3.1	2.4	25.7
Restructuring (credits) and other charges(2)	(0.2)	2.0	31.6

(1)

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

	Three Months Ended March 31,	
	2009	2008
Food Packaging	\$ 2.5	\$ 0.8
Food Solutions	0.1	
Protective Packaging	0.5	1.3
Other		0.3
Total	\$ 3.1	\$ 2.4

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(Unaudited)****(Amounts in tables are in millions, except share and per share data)****(4) Cost Reduction and Productivity Program and Global Manufacturing Strategy (Continued)**

(2)

The restructuring (credits) and other charges were primarily for termination benefits, the majority of which were related to the Food Packaging segment. These charges were included in restructuring (credits) and other charges on the condensed consolidated statements of operations. See Note 3, "Segments," for restructuring (credits) and other charges by reportable segment and Other. A reconciliation of the restructuring accrual is included below.

The components of the restructuring accrual through March 31, 2009 and the accrual balance remaining at March 31, 2009 were as follows:

Restructuring accrual at December 31, 2008	\$ 14.4
Adjustment to accrual for termination benefits	(0.6)
Cash payments during 2009	(0.7)
Effect of changes in foreign currency rates	(0.2)
Restructuring accrual at March 31, 2009	\$ 12.9

The Company expects to pay \$10.4 million of the accrual balance remaining at March 31, 2009 within the next 12 months. This amount is included in other current liabilities on the Company's condensed consolidated balance sheet at March 31, 2009. The remaining accrual of \$2.5 million is expected to be paid by the end of 2010 and is included in other liabilities on the Company's condensed consolidated balance sheet at March 31, 2009.

(5) Available-for-Sale Investments

The following tables summarize the Company's available-for-sale investments classified as non-current assets that are carried at fair value on the condensed consolidated balance sheets at March 31, 2009 and December 31, 2008:

March 31, 2009	Original Cost	Gross Other Than Temporary Impairment	Estimated Fair Value
Auction rate securities:			
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	\$ 24.7	\$ (17.0)	\$ 7.7
Non-cumulative perpetual preferred stock	20.0	(17.0)	3.0
Total	\$ 44.7	\$ (34.0)	\$ 10.7

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(Unaudited)****(Amounts in tables are in millions, except share and per share data)****(5) Available-for-Sale Investments (Continued)**

December 31, 2008	Original Cost	Gross Other Than Temporary Impairment	Estimated Fair Value
Auction rate securities:			
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	\$ 24.7	\$ (17.0)	\$ 7.7
Non-cumulative perpetual preferred stock	20.0	(17.0)	3.0
Total	\$ 44.7	\$ (34.0)	\$ 10.7

The Company's available-for-sale investments, consisting of auction rate securities at March 31, 2009 and December 31, 2008, are exposed to market risk related to changes in conditions in the U.S. financial markets and in the financial condition of the issuers of these securities. The Company's investment in auction rate securities at March 31, 2009 and December 31, 2008 had an original cost of \$44.7 million.

These auction rate securities consisted of two contingent capital securities that were converted into perpetual preferred stock of Ambac Assurance Corporation ("AMBAC"), the issuer, in December 2008, and three debt instruments issued individually by Primus Financial Products LLC (maturity date 2021), River Lake Insurance Company, a wholly-owned subsidiary of Genworth Financial, Inc. (maturity date 2033) and Ballantyne Re Plc (maturity date 2036). In January 2009, Ballantyne issued a notification that it was unable to fully fund its upcoming interest payments. As a result, Ballantyne exercised its option to rely on the insurance protection provided to it by AMBAC (UK), the issuer of an insurance wrap on this debt instrument.

These five securities historically were re-auctioned every twenty-eight days, which had provided a liquid market for them. However, as a result of continuing liquidity concerns affecting capital markets, particularly in the U.S., specifically for asset-back securities, every auction held by the issuers for these auction rate securities in 2008 and 2009 failed. As of March 31, 2009, the Company received interest and dividend payments, totaling \$0.4 million, when due.

The Company accounts for these investments as available-for-sale investments and reviews them for impairment in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and other related guidance issued by the FASB and the SEC.

During the first quarter of 2009, the Company determined that there was no change in the estimated fair value of its available-for-sale investments. See Note 12, "Fair Value Measurements," for a discussion of the assumptions, inputs and valuation methodology used by the Company to determine the fair value of these auction rate securities at March 31, 2009.

The Company continues to monitor developments in the market for auction rate securities including the specific securities in which it has invested. At March 31, 2009, the securities issuers' ratings by Moody's Investors Service, Inc. ranged from Baa1 to Ba3 and ratings by Standard & Poor's, a division of the McGraw-Hill Companies, Inc., ranged from A to CCC, both unchanged from

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

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

December 31, 2008. The Company believes that it has sufficient liquidity to meet its operating cash needs without the sale of these securities.

If credit or liquidity conditions relating to these securities or the issuers worsen, the Company may recognize additional other-than-temporary impairments, which would result in the recognition of additional losses on the condensed consolidated statement of operations.

(6) Accounts Receivable Securitization Program

The Company and a group of its U.S. subsidiaries maintain an accounts receivable securitization program with a bank and an issuer of commercial paper administered by the bank. At March 31, 2009, the maximum purchase limit for receivables interests was \$160.0 million and the program had an expiration date of December 2, 2012. This program includes a bank financing commitment that must be renewed annually prior to the expiration date. The bank commitment is scheduled to expire on December 4, 2009. The Company plans to seek an additional 364 day renewal of the bank commitment prior to its expiration. While the bank is not obligated to renew the bank financing commitment, the Company has historically negotiated annual renewals since the commencement of the program in 2001.

The amounts available from time to time under the program may be less than \$160.0 million subject to the level of the eligible assets included in the U.S. accounts receivable portfolio. The level of eligible assets can be impacted by a number of factors, including, but not limited to, accounts receivable balances, the Company's credit rating, the Company's receivables collection experience and the creditworthiness of the Company's customers. At March 31, 2009, the level of eligible assets available under the program declined due to some of the factors mentioned above. As a result, the amounts available to the Company under the program decreased to approximately \$89.0 million at March 31, 2009. Although the Company does not believe that these restrictive provisions presently materially restrict its operations, a breach of one or more of these restrictive provisions could result in a further decline in, or the elimination of, amounts available under the program.

At December 31, 2008, the Company had \$80.0 million outstanding under this program. In January 2009, the Company utilized an additional \$51.0 million available to it under this program. Subsequently, in February 2009, the Company repaid the entire \$131.0 million outstanding amount under this program utilizing funds available from its 12% Senior Notes.

The costs associated with the receivables program are reflected in other (expense) income, net, in the Company's condensed consolidated statements of operations and were immaterial for the three months ended March 31, 2009 and 2008.

The receivables program contains financial covenants relating to interest coverage and debt leverage similar to those contained in the Company's revolving credit facility. The Company was in compliance with these covenants at March 31, 2009.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

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

(7) Inventories

The following table presents details of the Company's inventories:

	March 31, 2009	December 31, 2008
Inventories (at FIFO, which approximates replacement value):		
Raw materials	97.1	\$ 98.7
Work in process	118.1	116.6