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)

ý 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

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

For the transition period from

to

Commission File Number: 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

65-0654331

(I.R.S. Employer Identification Number)

200 Riverfront Boulevard Elmwood Park, New Jersey

07407-1033 (Zip Code)

(Address of Principal Executive Offices)

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 \circ No o

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

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

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

Large accelerated filer \acute{y} Accelerated filer o Non-accelerated filer o Smaller reporting company o (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 o No ý

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 TABLE OF CONTENTS

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)

	Three Months Ended March 31,			
	2	2009	1	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
rect curmings	Ψ	50.1	Ψ	00.0
Not carnings per common shares				
Net earnings per common share: Basic	\$	0.37	\$	0.38
Dasic	Ф	0.57	Ф	0.36
D'I e I	¢.	0.22	ф	0.22
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)

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 Inventories 295.4 296.7 Cother current assets 295.4 296.7 Total current assets 1,908.5 1,672.7 Total current assets 1,908.5 1,672.7 Total current investments available-for-sale securities 10,7 10,7 Cother assets, net 10,932.6 1,938.1 Non-current investments available-for-sale securities 10,7 10,7 Cother assets, net 319.4 313.1 Total assets 5,180.9 \$4,986.0 Liabilities and stockholders' equity 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 3,260.7 3,060.4 Commitments and contingencies 3008 134.3 148.3 Total liabilities 3,260.7 3,060.4 Commitments and contingencies 3008 16.8 16.8 Common stock, \$0.10 par value per share, 50,000,000 shares authorized; shares issued: 168,335,442 in 2009 and 188,111,815 in 2008; shares outstanding: 158,601,303 in 2009 and 187,882,527 in 2008 16.8 16.8 Common stock reserved for issuance related to asbestos Settlement, So.10 par value per share, 18,000,000 shares authorized; shares issued: 168,335,442 in 2009 and 187,882,527 in 2008 16.8 16.8 Common stock in treasury, 9,734,139 shares in 2009 and 10,229,288 shares in 2008 36.3.4 363.4 Accumulated other comprehensive loss, net of taxes: Unrecognized pension items (58.4) (60.2			March 31, 2009		December 31, 2008		
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Receivables, net of allowance for doubtful accounts of \$21.2 in 2009 and \$19.5 in 2008	Current assets:						
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Inventories	Receivables, net of allowance for doubtful accounts of \$21.2 in 2009						
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Total current assets	Inventories		549.0		564.3		
Property and equipment, net	Other current assets		295.4		296.7		
Property and equipment, net							
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Non-current investments available-for-sale securities 10.7 10.7 10.7 10.7 10.7 10.7 10.7 319.4 313.1 313							
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Total assets \$ 5,180.9 \$ 4,986.0							
Current liabilities	Other assets, net		319.4		313.1		
Short-term borrowings \$ 36.1 \$ 37.6	Total assets	\$	5,180.9	\$	4,986.0		
Short-term borrowings \$ 36.1 \$ 37.6	T 1.1990						
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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							
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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							
Common stock reserved for issuance related to asbestos Settlement, \$0.10 par value per share, 18,000,000 shares in 2009 and 2008 Additional paid-in capital Retained earnings Common stock in treasury, 9,734,139 shares in 2009 and 10,229,288 shares in 2008 Accumulated other comprehensive loss, net of taxes: Unrecognized pension items (58.4) (60.2			16.0		16.0		
\$0.10 par value per share, 18,000,000 shares in 2009 and 2008 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 Accumulated other comprehensive loss, net of taxes: Unrecognized pension items (58.4) (60.2			10.8		10.8		
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			1 0		1 0		
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							
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							
shares in 2008 (363.4) (383.2) Accumulated other comprehensive loss, net of taxes: Unrecognized pension items (58.4) (60.2)			1,705.5		1,507.5		
Accumulated other comprehensive loss, net of taxes: Unrecognized pension items (58.4)			(363.4)		(383.2)		
Unrecognized pension items (58.4)			(303.4)		(303.2)		
			(58.4)		(60.2)		
					(122.4)		

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 Noncontrolling interests	1,918.1 2.1	1,924.6 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.

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)
The table along in in resulting and rates		(201)		(1110)
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:				