

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 (Unaudited)	December 31, 2008
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.

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:		