SEALED AIR CORP/DE
Form 10-K
February 27, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

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)
8215 Forest Point Boulevard, Charlotte, North Carolina	28273

(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 x 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 x

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 x 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 x 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. x

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

As of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2014, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $7,196,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 210,151,221 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of January 31, 2015.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2015 Annual Meeting of Stockholders, to be held on May 14, 2015, are incorporated by reference into Part II and Part III of this Form 10-K.

SEALED AIR CORPORATION AND SUBSIDIARIES

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Cautionary Notice Regarding Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. The Securities and Exchange Commission (“SEC”) encourages companies to disclose forward-looking statements so that investors can better understand a company’s future prospects and make informed investment decisions. Forward-looking statements are subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Therefore, you should not rely on any of these forward-looking statements. Forward-looking statements can be identified by such words as “anticipates,” “believes,” “plan,” “assumes,” “could,” “should,” “estimates,” “expects,” “intends,” “potential,” “seek,” “predict,” “may,” “wil
references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results, expectations regarding the results of restructuring and other programs, anticipated levels of capital expenditures and expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings.

Please refer to Part II, Item 1A, “Risk Factors” for important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-U.S. GAAP Information

We present financial information that conforms to Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). We also 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. 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. See Note 4, “Segments” and our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for reconciliations of our non-U.S. GAAP financial measures to U.S. GAAP. Information reconciling forward-looking non-U.S. GAAP measures to U.S. GAAP measures is not available without unreasonable effort.

Our management may assess our financial results both on a U.S. GAAP basis and on a non-U.S. GAAP basis. 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. The non-U.S. GAAP financial metrics mentioned above exclude items that we consider as unusual or special items. We evaluate 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.

As of January 1, 2014, the Company changed the segment performance measure in which the management assesses segment performance and makes allocation decisions by segment from operating profit (a U.S. GAAP financial measure) to Adjusted EBITDA (a non-U.S. GAAP financial measure). Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of special items.

We also present our adjusted income tax rate or provision (“Core Tax Rate”). The Core Tax Rate is a measure of our U.S. GAAP effective tax rate, adjusted to exclude the tax impact from the special items that are excluded from our Adjusted Net Earnings and Adjusted EPS metrics as well as expense or benefit from any special taxes or tax benefits. The Core Tax Rate is an indicator of the taxes on our core business. The tax situation and effective tax rate in the specific countries where the excluded or special items occur will determine the impact (positive or negative) to the Core Tax Rate.

In our “Net Sales by Geographic Region,” “Components of Change in Net Sales by Segment” 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 control changes in foreign currency exchange rates. Consequently, when our management looks at our financial results to measure the core performance of our business, we may exclude the impact of foreign currency translation by translating our current period results at prior period foreign currency exchange rates. We also may exclude the impact of foreign currency translation when making incentive compensation determinations. As a result, our management believes that these presentations are useful internally and may be useful to investors.

PART I

Item 1. Business

Sealed Air Corporation, a corporation organized under the laws of Delaware, 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, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measureable, sustainable value to our customers and investors.

Sealed Air was founded in 1960. We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc. ("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. Please refer to Part II, Item 8, "Financial Statements and Supplementary Data" for financial information about the Company and its subsidiaries, which is incorporated herein by reference. Also, when we cross reference to a "Note," we are referring to our "Notes to Consolidated Financial Statements," unless the context indicates otherwise.

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;
- approximately 24,000 employees representing industry-leading expertise in package design, sales, service and engineering, hygiene and sanitation solutions, and in food science;
- leading brands, such as Cryovac® packaging technology, Diversey® and TASKI® brand cleaning and hygiene solutions and our Bubble Wrap ® brand cushioning, Jiffy® protective mailers, and Instapak® foam-in-place systems;
- technology leadership with an emphasis on proprietary technologies;
- total systems offering that includes specialty materials and formulations, equipment systems and services; and
- solid cash flow generation from premium solutions to meet our customers' needs, productivity improvements, working capital management and an asset-light business model.

In 2014, our operations generated approximately 65% of our revenue from outside the United States. We generated net sales of $7,751 million, Adjusted EBITDA of $1,118 million and net earnings from continuing operations of $258 million. Refer to Part II, Item 7 "Management's discussion and Analysis of Financial Conditions and Results of Operations for reconciliation of Non-U.S. GAAP total company adjusted EBITDA to U.S. GAAP net earnings from continuing operations.

Our Competitive Strengths

Leading Market Positions. We are a leading global provider of packaging solutions for the institutional food, consumer and industrial markets. We are also one of the leading providers of institutional and industrial cleaning, sanitation and hygiene solutions, products and related services. We offer the food processing and food service industries improved hygiene, extended shelf life and enhanced operational productivity by reducing down-time, waste generation, water use, effluent discharge, and energy consumption. We also offer business supply distributors a broad selection of premium packaging and cleaning solutions to maximize distribution efficiencies and customer reach.

Scale and Global Reach. We have approximately 24,000 employees globally and are present in 62 countries with a sales and distribution network reaching over 175 countries. This scale and reach enables us to meet our customers' needs as they expand their business on a global basis. We believe our geographic presence, extensive distribution network, and exposure to a variety of end markets help diversify our business, leverage our technology and our total systems solution model and position us to capitalize on growth opportunities in markets around the world.

Diversified Customer Base. Our customers include leading global food and beverage processors, business supply distributors, consumer products manufacturers, hotel operators, retailers, building contractors, educational institutions and health care providers. Our customer base is diverse, with no single customer or affiliated group of customers representing more than 10% of net sales in 2014.

Keen Focus on Innovation. We believe we are a leading innovator in material science, solution formulations, equipment systems, manufacturing technologies, and cleaning and sanitation processes, which deliver automation and efficiencies in our customers' operations. Our solutions are differentiated by proprietary, patented formulations and material technologies, as well as by trade secrets and trademarks. We have a global network of labs with an extensive team of scientists, engineers, designers and application experts. We invest approximately $300 million in research and development expense and capital expenditures annually. Our research and development strategy is focused on delivering innovative, sustainable solutions that enhance our customers' operational efficiency and improve profitability.

Highly Integrated with our Customer Base. We install our equipment in our customers' facilities and are integrated into their operational processes. We leverage our extensive installed equipment base when innovating new formulations and solutions and partner with customers to train their employees on how to effectively apply our solutions and operate our systems. We believe this provides customer "stickiness" and recurring revenue streams for our Company.

Solid Cash Flow Generation. The stability of our business, combined with the relatively low capital intensity of our operations and our solid working capital management, supports our ability to generate cash flow. We believe we are well positioned to benefit from attractive long-term global growth trends such as an increasing emphasis on food safety and security, health and hygiene, and sustainability, as well as our own geographic diversity, to drive additional cash flow.

Our Business Strategies

We seek to enhance our position as a leading global provider of innovative packaging and hygiene solutions that our customers use to improve performance, cost competitiveness and sustainability within their operations by focusing on six strategic priorities:

Maintaining and extending our technological leadership, expertise and our sustainability value proposition.

We continue to focus on becoming a knowledge-based, market-driven company centered on offering solutions that enable our customers to meet their sustainability needs while growing their business, reducing costs and mitigating risk, including enhancing top line growth and conserving energy, water and other resources while reducing waste in their operations. Our product solution goals align with sustainable sourcing principles and new product development innovation processes, while providing greater transparency of our supply chain. We enhance our ability to position our product features and benefits using a sustainability lens and leverage these product strengths to differentiate our solutions in the market, with a view to this approach becoming the new business standard in the future.

Better aligning ourselves with the customers, markets and global mega-trends.

As part of our ongoing business portfolio review, we are committed to identifying those customers and markets that offer us the best opportunity to deliver solutions and services that are sufficiently differentiated and valued in the marketplace. In addition, we are committed to aligning our business with key global mega-trends, including e-commerce, infection control and the global movement of food. In particular, we will leverage our strengths to enhance our position with our food and beverage customers and, by doing so, we improve access to a more secure food supply chain. Our priorities are embodied in our four commitments: enhancing food security, creating healthy and clean environments, conserving natural resources, and driving livelihood programs in the communities where we do business.

Accelerating our penetration and rate of growth in developing regions.

With an international focus and extensive geographic footprint aligned to our growth opportunities, we will combine our local market knowledge with our broad portfolio and strengths in innovation and customer service to grow in developing regions. Urbanization, global trade, increased protein consumption and the ongoing conversion to safer and hygienically packaged foods and goods are key secular trends that underpin our confidence in our ability to grow rapidly in these parts of the world.

Focusing on cash flow generation and improved return on assets.

We are focused on generating substantial operating cash flow from our existing business so that we can continue to invest in new products and technologies, deleverage our balance sheet, continue to pay dividends, and support growth in our share price. We believe our ongoing process of critically analyzing our business portfolio and reallocating technical, human, and capital resources to the most promising market sectors from those sectors that are less strategic or have a lower level of financial performance will enhance our free cash flow generation performance and result in a higher return on assets, thus improving shareholder value.

Optimizing our cost base and operations to maximize efficiency and profitability.

The size and scale of our global operations affords us a continuing opportunity to derive greater supply chain efficiencies by leveraging our purchasing power, optimizing our manufacturing and logistics footprint, improving our internal operations and processes, and reducing complexity and cost. In addition to reducing the cost of our supply chain operations, we continue to focus on adapting the cost structure of our customer facing and back-office operations to the appropriate level required to adequately support our external customer base and run the business effectively. We also have sustainability goals to reduce the environmental impact of our global operations and deliver operational excellence while upholding the highest ethical standards in our business practices. Every year our facilities around the world develop improvement plans to meet environmental impact and cost-reduction goals. These align with corporate goals for energy, greenhouse gases, water, waste, efficiency targets and cost savings. In turn, the company's impact on the environment is reduced while the ability to generate profits is enhanced.

Developing our people.

We recognize that a core strength of our business is our people. Therefore, we will continue to invest in the development of key skills in our diverse workforce while improving our ability to attract and retain new employees who are motivated by our company vision and the positive impact they can have on the world.

Segments

Effective as of January 1, 2014, we changed our segment reporting structure in order to reflect the way management now makes operating decisions and manages the growth and profitability of the business. This change corresponds with management's current approach of allocating costs and resources and assessing the performance of our segments. We report our segment information in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 280, "Segment Reporting," ("FASB ASC Topic 280"). There has been no change in our total consolidated financial condition or results of operations previously reported as a result of the change in our segment structure. There were no changes to the reportable segment assets as a result of the change in segment reporting.

As a result, the Company's new segment reporting structure consists of three reportable segments and an "Other" category and is as follows:

Food Care;
Diversey Care;
Product Care; and
Other (includes Corporate, Medical Applications and New Ventures businesses)
See Note 4, "Segments" for further information.

Descriptions of the Reportable Segments and Other

Food Care Segment

The Food Care division focuses on providing processors, retailers and food service operators a broad range of integrated system solutions that improve the management of contamination risk and facility hygiene during the food and beverage production process, extend product shelf life through packaging technologies, and improve merchandising, ease-of-use, and back-of-house preparation processes. Our systems are designed to be turn-key and reduce customers' total operating costs through improved operational efficiencies and reduced food waste, as well as lower water and energy use. As a result, processors are able to produce and deliver their products more cost-effectively, safely, efficiently, and with greater confidence through their supply chain with a trusted partner.

The business largely serves perishable food and beverage processors, predominately in fresh red meat, smoked and processed meats, beverages, poultry and dairy (solids and liquids) markets worldwide, and maintains a leading position in the applications it targets. Solutions are marketed under the Cryovac ® and Diversey® trademarks and under sub-brands such as Cryovac Grip & Tear ®, Cryovac® Darfresh®, Cryovac Mirabella ®, Simple Steps ®, Secure Check ® and Enduro Power™.

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Our solutions incorporate equipment systems that are frequently integrated into customers' operations, consumables such as advanced flexible films, absorbent materials and trays, and a variety of pre- and post-sale services. Packaging equipment systems can incorporate various options for loading, filling and dispensing, and will also accommodate certain retort and aseptic processing conditions. Equipment solutions supported include vacuum shrink bag systems, flow-vac, thermoforming, skin, tray/lid and vertical pouch packaging systems. Services include graphic design, printing, training, field quality assurance and remote diagnostics. Facility hygiene solutions include clean-in-place and open plant systems that integrate cleaning chemicals, lubricants, floor care equipment and cleaning tools. Also offered are a wide range of value-added services such as application and employee training and auditing of hygiene, water and energy management to improve the operational efficiency of customers' processes and their cleaning efficacy.

Food Care focuses on providing comprehensive systems which protect our customers' products while adding value through increasing operational efficiency and reducing waste throughout the entire food and beverage supply chain. Food Care will partner with customers to provide integrated packaging and hygiene solutions that will consistently deliver food safety, shelf life extension, total cost optimization and innovative packaging formats which will enable our customers to enhance their brands in the marketplace.

Diversey Care Segment

Diversey Care solutions aim to improve operational efficiency and mitigate risk by improving our customers' cleaning processes and methods and reducing the overall environmental footprint of commercial and industrial facilities. The Diversey Care division represents the broad offering of Diversey®-branded total integrated system solutions for facility hygiene, food safety and security, and infection control to customers worldwide. The division is focused on serving five key institutional and industrial sectors globally, which include: food service operators, hospitality establishments and building service contractors, food retail outlets, and healthcare facilities.

Diversey Care integrates cleaning chemicals, floor care machines, cleaning tools and equipment, and a wide range of value-added services based on extensive expertise, including application and employee training, auditing of hygiene and appearance, food safety services and water and energy management. These solutions address kitchen hygiene, floor care, housekeeping and restroom care, and professional laundry. The product range of Diversey-branded solutions includes fully integrated lines of products and dispensing systems for hard surface cleaning, disinfecting and sanitizing, hand washing, deodorizing, mechanical and manual ware washing, hard surface and carpeted floor cleaning systems, cleaning tools and utensils, and fabric care for professional laundry applications comprising detergents, stain removers, bleaches and a broad range of dispensing equipment for process control and management information systems. Floor care machines are commercialized under the well-established Taski ® brand.

Diversey Care is focused on growth in developing regions, where increased urbanization and greater sanitation and hygiene requirements provide growth opportunities with regional and multinational customers across its five targeted market sectors. Diversey Care retains a very solid market position in developed economies and is focused on expanding its market presence by increasing the measurable value its extensive expertise and integrated solutions can provide. Its global footprint enables advantages in accessing the opportunity provided by large corporate and international accounts.

Product Care Segment

Sealed Air's Product Care division resolves the demanding protective and specialty packaging challenges through tailored, practical solutions. Across a wide range of industries, Product Care applies its expertise globally to maximize performance and efficiency while also reducing the amount of energy and raw materials needed to get valuable assets through the distribution chain safely and securely.

This division provides customers with a versatile range of Product Care solutions to meet cushioning, void fill, positioning/block-and-bracing, surface protection, retail display, containment and dunnage needs. Solutions are marketed under industry-leading brands that include Bubble Wrap ® and AirCap ® air cellular packaging, Cryovac ® performance shrink films, Shanklin ® shrink packaging systems, Instapak ® polyurethane foam packaging systems, Jiffy ®mailers, and Korrvu ® suspension and retention packaging and sustainable offers in PakNatural ® Loose fill and RestoreÒ Mushroom ® packaging. Solutions are sold globally and supported by a network of 29 American Society for Testing and Materials International (“ASTM”) approved Product Care design and testing centers, and one of the industry’s largest sales and service teams.

Today, Product Care solutions are largely sold through business supply distribution that sells to business/industrial end-users representing over 400 SIC codes. Additionally, solutions are sold directly to fabricators, OEMs/contract manufacturers, third party logistics partners, e-commerce/fulfillment operations, and at retail centers, where Product Care offers select products for consumer use on a global basis.

Product Care is focused on sustainability, growth in developing regions, advancements in material science, automation and user ease-of-use interface and features.

Other

Other includes Corporate and our Medical Applications and New Ventures businesses, which we may refer to from time to time as “Other.” Other includes certain costs that are not allocated to the reportable segments, primarily consisting of unallocated corporate overhead costs, including administrative functions and cost recovery variances not allocated to the reportable segments from global functional expenses.

Other also includes all items the Company categorizes as special or unusual items that are reported on the consolidated statements of operations. These special items primarily consist of restructuring and other associated costs, loss on debt redemptions and foreign currency exchange gains/losses related to Venezuelan subsidiaries.

We also focus on growth by utilizing our technologies in new market segments. Other includes our medical applications and new ventures businesses.

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. Medical Applications is focused on growth in the medical device and pharmaceutical solutions packaging markets. Our core product lines include customer designed flexible packaging materials for medical and drug delivery devices, specialty component films for ostomy and colostomy bags and PVC free film to package pharmaceutical solutions.

New Ventures

Our New Ventures business includes several development and innovative programs that are focused on new technologies and opportunities that leverage our capabilities into core and non-core markets. These efforts include market focused exploration of both product and knowledge-based solutions.

Global 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.

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

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, 2014 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 Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Environmental Matters.”

Employees

As of December 31, 2014, we had approximately 24,000 employees worldwide. Approximately 8,000 of these employees were in the U.S., with approximately 150 of these employees covered by collective bargaining agreements. Of the approximately 16,000 employees who were outside the U.S., approximately 9,800 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, 2014, we employed approximately 7,100 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, healthcare facilities, medical device manufacturers, and other manufacturers.

To support our Food Care and New Ventures customers, we operate three Packforum® innovation and learning centers that are located in the U.S., France, and China. At Packforum ® Centers, 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 Product Care products and to provide specialized customer services, we operate 29 industrial Package Design Centers (PDCs) worldwide within our facilities. These PDCs 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 Product Care 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.

Our Food Care applications are largely sold direct, while most of our Product Care products and a portion of our Diversey Care products and solutions are sold through business supply distributors.

We have no material long-term contracts for the distribution of our products. In 2014, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Seasonality

Historically, net sales in our Food Care segment 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 Diversey Care segment have tended to be slightly lower in the first quarter; second quarter sales represent a modest seasonal increase due to higher occupancy rates in European lodging; and the third and fourth quarters of the year are relatively the same level as the second quarter. Net sales in our Product Care segment have also tended to be slightly lower in the first quarter and higher in the mid-third quarter and through the fourth quarter due to the holiday shopping season. 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. Cash flow from operations has tended to be lower in the first quarter and higher in the fourth quarter, reflecting seasonality of sales and working capital changes, including the timing of certain annual incentive compensation payments.

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. There are also other companies producing competing products that are well-established. 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 other manufacturers of Food Care 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 U.S.

Our Food Care hygiene solutions and Diversey Care 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, reduce total cost of ownership, reduce risk of food safety events and improve infection control to reduce healthcare 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.

Our Product Care 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.

Competition for most of our Medical Applications products is based primarily on performance characteristics, service and price.

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 40% 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 and 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 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. 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 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, chemical formulations and equipment, and related applications, using our intellectual property. From time to time, we also license or acquire technology developed by others. Our research and development projects rely on our technical capabilities in the areas of food science, materials science, chemistry and chemical engineering, package design and equipment engineering. Our research and development expense was $135 million in 2014, $133 million in 2013 and $135 million in 2012.

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;
- Five research and development laboratories focused on the development of cleaning and sanitation formulations, which are located in the U.S., Germany, the Netherlands, India and Brazil; and
- Nine equipment design centers in the U.S., Germany, Switzerland, Italy and the Netherlands that focus on equipment and parts design and innovation to support the development of comprehensive systems solutions.

Patents and Trademarks

We are the owner or licensee of an aggregate of over 4,200 U.S. and foreign patents and patent applications, as well as an aggregate of over 10,600 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. We file annually an average of 300 U.S. and foreign patent applications and 400 U.S. 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. We maintain programs designed to comply with these laws and regulations and to monitor their evolution. 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 U.S., 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 us for controlling microbial growth on humans, animals and processed foods. In the U.S., these requirements are generally 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.

Our emphasis on environmental, health and safety compliance provides us with risk reduction opportunities and cost savings through asset protection and protection of employees.

Available Information

Our Internet address is www.sealedair.com. We make available, free of charge, on or through our website 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.

Item 1A. Risk Factors
Introduction

The risks described below should be carefully considered before making an investment decision. These are the most significant risk factors, but they are not the only risk factors that should be considered 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.

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

Uncertain 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, global economic downturns have adversely impacted some of our end-users and customers, such as food processors, distributors, supermarket retailers, hotels, restaurants, retail establishments, other retailers, business service contractors 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 U.S. and a majority of our net sales are generated outside of the U.S. Operations outside of the U.S., 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 U.S. 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;
changes in labor conditions and difficulties in staffing and managing international operations;
import and export delays caused, for example, by an extended strike at the port of entry, could cause a delay in our supply chain 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 and tax costs 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.

Political and economic instability and risk of government actions affecting our business and our customers or suppliers may adversely impact our business, results of operations and cash flows.

We are exposed to risks inherent in doing business in each of the countries or regions in which we or our customers or suppliers operate including: civil unrest, acts of terrorism, sabotage, epidemics, force majeure, war or other armed conflict and related government actions, including sanctions/embargoes, the deprivation of contract rights, the inability to obtain or retain licenses required by us to operate our plants or import or export our goods or raw materials, the expropriation or nationalization of our assets, and restrictions on travel, payments or the movement of funds. In particular, if additional restrictions on trade with Russia were adopted by the European Union or the U.S., and were applicable to our products, we could lose sales and experience lower growth rates in the future.

Although the Settlement agreement (as defined in Note 17, “Commitments and Contingencies”) has been implemented and we have been released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace (as defined below), if the courts were to refuse to enforce the injunctions or releases contained in the Plan (as defined below) and the Settlement agreement with respect to any claims and if Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and results of operations. 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 W.R. Grace & Co. (“Grace”) which brought the Cryovac packaging business and the former Sealed Air’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 the beginning of 2000, we have been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, we are responsible for alleged asbestos liabilities of Grace and its subsidiaries. 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 a number of its subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code 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 (the “Preliminary Injunction”). 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 all current and future asbestos-related claims made against us and our affiliates in connection with the Cryovac transaction. The Settlement agreement provided for the resolution of 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 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, and the Official Committee of Equity Security Holders filed, as co-proponents, a plan of reorganization (as filed and amended from time to time, the "Plan") and several exhibits and associated documents, including a disclosure statement, with the Bankruptcy Court. The Plan provides for the establishment of two asbestos trusts under Section 524(g) of the United States Bankruptcy Code to which present and future asbestos-related personal injury and property damage claims are channeled. The Plan incorporates the Settlement agreement, including our payment of amounts contemplated by the Settlement agreement and the releases and injunctions contemplated by the Settlement agreement.

On February 3, 2014 (the "Effective Date"), the Plan implementing the Settlement agreement became effective with Grace emerging from bankruptcy. In accordance with the Plan and the Settlement agreement, on the Effective Date, Cryovac, Inc. made aggregate cash payments in the amount of $929.7 million to the WRG Asbestos PI Trust (the "PI Trust") and the WRG Asbestos PD Trust (the "PD Trust") and transferred 18 million shares of Sealed Air common stock to the PI Trust, in each case reflecting adjustments made in accordance with the Settlement agreement. Under the Plan, the Preliminary Injunction remained in place through the Effective Date and, on the Effective Date, the Plan and Settlement agreement injunctions and releases with respect to asbestos claims and certain other claims became effective. Following the Effective Date, the Bankruptcy Court issued an order dismissing the proceedings pursuant to which the Preliminary Injunction was issued. The Plan further provides for the channeling of existing and future asbestos claims to the PI Trust or the PD Trust, as applicable. In addition, under the Plan and the Settlement agreement, Grace is required to indemnify us with respect to asbestos and certain other liabilities. Notwithstanding the foregoing, and although we believe the possibility to be remote, if any courts were to refuse to enforce the injunctions or releases contained in the Plan and the Settlement agreement with respect to any claims, and if, in addition, Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and 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. A global settlement of these Canadian claims to be funded by Grace has been approved by the Canadian court, and the 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) became operative upon the effective date of a plan of reorganization in Grace's United States Chapter 11 bankruptcy proceeding. As filed, the Plan contemplates that the claims released under the Canadian settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. As indicated above, the Bankruptcy Court entered the Bankruptcy Court Confirmation Order on January 31, 2011 and the Clarifying Order on February 15, 2011 and the District Court entered the Original District Court Confirmation Order on January 30, 2012 and the Amended District Court Confirmation Order on June 11, 2012. The Canadian Court issued an Order on April 8, 2011 recognizing and giving full effect to the Bankruptcy Court's Confirmation Order in all provinces and territories of Canada in accordance with the Bankruptcy Court Confirmation Order's terms. As described above, the Plan became effective on February 3, 2014. In accordance with an order of the Canadian court, on the Effective Date the actions became permanently stayed until they are amended to remove the Grace parties as named defendants. Two actions were dismissed by the Manitoba court as against the Grace parties on February 19, 2014 and it is anticipated that the remaining actions will now also be dismissed. Notwithstanding the foregoing, and although we believe the possibility to be remote, 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 may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement governing the senior secured credit facilities, the indentures that govern our senior notes and the agreements covering our accounts receivable securitization programs restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct a substantial portion of our operations through our subsidiaries, certain of which are not guarantors of our indebtedness. Accordingly, repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of our indebtedness, our subsidiaries do not have any obligation to pay amounts due on indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing certain of our senior notes, these notes and the credit agreement governing the senior secured credit facilities limit the ability of certain of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

If we cannot make scheduled payments on our debt, we will be in default, the lenders under the senior secured credit facilities could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

The terms of our credit agreement governing our senior secured credit facilities and accounts receivable securitization programs and the indentures governing our senior notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The indentures governing our senior notes and the credit agreement governing our senior secured credit facilities and accounts receivable securitization programs contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries’ ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing our senior credit facilities require us to maintain a specified net leverage ratio. Our ability to meet this financial ratio can be affected by events beyond our control.

A breach of the covenants under the indenture governing our senior notes or under the credit agreement governing our senior secured credit facilities could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our senior secured credit facilities would permit the lenders under our senior secured credit facilities to terminate all commitments to extend further credit under those facilities. Furthermore, if we were unable to repay the amounts due and payable under our senior secured credit facilities, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or note holders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to respond to changing market conditions;

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unable to raise additional debt or equity financing to operate during general economic or business downturns or to repay other indebtedness when it becomes due; or

unable to compete effectively or to take advantage of new business opportunities.

In addition, amounts available under our accounts receivable securitization programs can be impacted by a number of factors, including but not limited to our credit ratings, accounts receivable balances, the creditworthiness of our customers and our receivables collection experience.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our senior secured credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 31, 2014, we had $1.313 billion of borrowings under our senior secured credit facilities at variable interest rates. A 1/8% increase or decrease in the assumed interest rates on the senior secured credit facilities would result in a $1.6 million increase or a $1.6 million decrease in annual interest expense. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

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 other key raw materials used in our businesses, 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.

Unfavorable consumer responses to price increases could have a material adverse impact on our sales and earnings.

From time to time, and especially in periods of rising raw material costs, we increase the prices of our products. Significant price increases could impact our earnings depending on, among other factors, the pricing by competitors of similar products and the response by the customers to higher prices. Such price increases may result in lower volume of sales and a subsequent decrease in gross margin and adversely impact earnings.

The full realization of our deferred tax assets may be affected by a number of factors, including our earnings in the U.S.

We have deferred tax assets including U.S. and foreign net operating loss carry forwards and investment tax allowances, foreign tax credits, accruals not yet deductible for tax purposes, 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 ability to utilize these deferred tax assets depends in part upon our ability to generate future taxable income during the periods in which these temporary differences reverse or our ability to carryback any losses created by the deduction of these temporary differences. We expect to realize these assets over an extended period. If we are unable to generate sufficient future taxable income in the U.S. and certain foreign jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets.

Our largest deferred tax asset is our net operating loss carry forwards and most of this asset relates to our U.S. net operating loss. The benefit from the amount carried forward may depend upon, among other factors, our anticipated future earnings in the U.S. A reduction in our anticipated U.S. earnings could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods in which any such condition occurs. In addition, changes in statutory tax rates or other legislation or regulation may change our deferred tax assets or liability balances, with either favorable or unfavorable impacts on our effective tax rate.

We may not achieve all of the expected benefits from our restructuring programs.

We have implemented a number of restructuring programs in the last few years, including our Fusion Program, Earnings Quality Improvement Program (EQIP) and Integration and Optimization Program (IOP). These programs include various cost savings and reorganization initiatives, including the relocation of our corporate headquarters to Charlotte, North Carolina, the consolidation of certain facilities and the reduction of headcount. We have made certain assumptions in estimating the anticipated synergies we expect to achieve under such programs, which include the estimated savings from the elimination of certain headcount and the consolidation of facilities. These assumptions may turn out to be incorrect due to a variety of factors. In addition, our ability to realize the expected benefits from these programs is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. If we are unsuccessful in implementing these programs or if we do not achieve our expected results, our results of operations and cash flows could be adversely affected or our business operations could be disrupted.

The effects of animal and food-related health issues, such as Porcine Epidemic Diarrhea or “PED”, bovine spongiform encephalopathy, also known as “mad cow” disease, foot-and-mouth disease, 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 PED and “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 packaging products, which could have a material adverse effect on our consolidated financial condition or results of operations.

Risks related to implementation of our new global enterprise resource planning system.

We are currently engaged in a multi-year process of conforming the majority of our operations onto one global enterprise resource planning system (“ERP”). The ERP is designed to improve the efficiency of our supply chain and financial transaction processes, accurately maintain our books and records, and provide information important to the operation of the business to our management team. The ERP will continue to require significant investment of human and financial resources, and we may experience significant delays, increased costs and other difficulties as a result. Any significant disruption or deficiency in the design and implementation of the ERP could adversely affect our ability to fulfill and invoice customer orders, apply cash receipts, place purchase orders with suppliers, and make cash disbursements, and could negatively impact data processing and electronic communications among business locations, which may have a material adverse effect on our business, consolidated financial condition or results of operations. We also face the challenge of supporting our older systems and implementing necessary upgrades to those systems while we implement the new ERP system. While we have invested significant resources in planning and project management, significant implementation issues may arise.

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 food service, food and beverage processing, building care, lodging, industrial distribution and healthcare 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 hygiene products is highly competitive. Our hygiene products businesses face significant competition from global, national, regional and local companies within some or all of our product lines in each sector that we serve. Barriers to entry and expansion in the institutional and industrial cleaning, sanitation and hygiene industry are low.

Our inability to maintain a competitive advantage could result in lower prices or lower sales volumes for our products. Additionally, we may not successfully implement our pricing actions. These factors may 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 lines of credit, including our senior secured credit facilities and our accounts receivable securitization programs. We may be unable to refinance any of our indebtedness, including our senior notes, our accounts receivable securitization programs and our senior secured credit facilities, on commercially reasonable terms or at all.

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.

Approximately 65% of our net sales in 2014 were 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 U.S. than 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 and exposes us to counterparty credit risk for non-performance. See Note 12, “Derivatives and Hedging Activities.”

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. See Item 7A. “Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Rates — Venezuela.”

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 U.S. and may limit our ability to convert foreign currency cash flows into U.S. dollars.

New and stricter legislation and regulations may affect our business and consolidated financial condition and results of operations.

Increased legislative and regulatory activity and burdens, and a more stringent manner in which they are applied (particularly in the U.S.), could significantly impact our business and the economy as a whole. This includes, among other things, the possible taxation under U.S. law of certain income from foreign operations, compliance costs and enforcement under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), and costs associated with complying with the Patient Protection and Affordable Care Act of 2010 and the regulations promulgated thereunder.

For example, under Section 1502 of the Dodd-Frank Act, the SEC has adopted additional disclosure requirements related to the source of certain “conflict minerals” for issuers for which such “conflict minerals” are necessary to the functionality or product manufactured, or contracted to be manufactured, by that issuer. The metals covered by the rules include tin, tantalum, tungsten and gold, commonly referred to as “3TG.” Our suppliers may use some or all of these materials in their production processes. The SEC's rules require us to perform due diligence on our suppliers. Global supply chains can have multiple layers, thus the costs of complying with these requirements could be substantial. These requirements may also reduce the number of suppliers who provide conflict free metals, and may affect our ability to obtain products in sufficient quantities or at competitive prices. Compliance costs and the unavailability of raw materials could have a material adverse effect on our results of operations.

As another example, the Affordable Care Act (the “ACA”), which was adopted in 2010 and is being phased in over several years, significantly affects the provision of both healthcare services and benefits in the U.S.; the ACA may impact our cost of providing our employees and retirees with health insurance and/or benefits, and may also impact various other aspects of our business. We provide benefits to our employees which are competitive within the industries in which we operate. The ACA did not have a material impact on our consolidated financial position or results of operations in 2014, 2013 or 2012; however, we are continuing to assess the impact of the ACA on our healthcare benefit costs. The regulatory environment is still developing, and the potential exists for future legislation and regulations to be adopted. These developments, as well as the increasingly strict regulatory environment, may also adversely affect the customers to which, and the markets into which, we sell our products, and increase our costs and otherwise negatively affect our business, consolidated financial condition or results of operations, including in ways that cannot yet be foreseen.

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 U.S., 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 hurricane, tornado, 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.

We recorded impairment charges related to goodwill and other intangible assets in 2012. See Note 7, "Goodwill and Identifiable Intangible Assets," for further discussion.

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, or voluntarily do so, 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 Care segment, and any damage to this relationship could have a material adverse effect on this segment.

Diversey is party to various agreements with SCJ under which it is granted a license in specified territories to sell certain SCJ products and use specified trade names owned by SCJ in the institutional and industrial channels of trade and, subject to certain limitations, in specified channels of trade in which both our Diversey Care segment and SCJ's consumer business operate, which expires within the next few years. Although the term of this agreement may be extended, it is uncertain that the parties will agree to do so. Sales of these SCJ products have historically been significant to our Diversey Care segment. 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 Care segment, consolidated financial condition or results of operations.

The relationship with Unilever PLC ("Unilever") is important to our Diversey Care segment and any damage to this relationship could have a material adverse effect on this segment.

Diversey is a party to various agreements with Unilever under which it is granted a license to produce and sell professional size packs of Unilever's consumer brand cleaning products in the institutional and industrial channels of trade, which expires within the next few years (with the exception of a sub-set of the UK business). Although the term of this agreement may be extended, it is uncertain that the parties will agree to do so. In four countries (the United Kingdom, Ireland, Portugal and Brazil), the Diversey subsidiaries operate under an agency agreement with Unilever. In addition, 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. If we default under our agreements with Unilever and the agreements are terminated, Unilever fails to perform its obligations under these agreements, or our relationship with Unilever is otherwise damaged or severed, this could have a material adverse effect on our Diversey Care segment, consolidated financial condition or results of operations.

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 cease to work for us and we are unable to successfully replace any departing senior management or key personnel, our business, consolidated financial condition or results of operations may be materially adversely affected.

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

In Europe and Latin America, most of our employees are represented by either labor unions or workers councils and are covered by collective bargaining agreements that 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.

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.

Many jurisdictions 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.

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.

Some jurisdictions have laws and regulations that govern the registration and labeling of some of our products. 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.

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 formulas and manufacturing processes. Accordingly, we may not be able to prevent others from developing products that are similar to or competitive with our products.

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 U.S. 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 U.S. 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 U.S. 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.

Cyber risk and the failure to maintain the integrity of our operational or security systems or infrastructure, or those of third parties with which we do business, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to an increasing number of information technology vulnerabilities, threats and targeted computer crimes which pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or cyber attacks or security breaches of our networks or systems, could result in the loss of customers and business opportunities, legal liability, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could materially adversely affect our business, financial condition and results of operations. While we attempt to mitigate these risks, our systems, networks, products, solutions and services remain potentially vulnerable to advanced and persistent threats.

We also maintain and have access to sensitive, confidential or personal data or information in certain of our businesses that is subject to privacy and security laws, regulations and customer controls. Despite our efforts to protect such sensitive, confidential or personal data or information, our facilities and systems and those of our customers and third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, programming and/or human errors that could lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our consolidated, financial condition and results of operations.

Item 1B. Unresolved Staff Comments
None.

Item 2. Properties
We manufacture products in 114 facilities, with 40 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	45
Europe	30
Latin America	15
Asia, Middle East, Africa and Turkey ("AMAT")	15
Japan, Australia, New Zealand ("JANZ")	9
Total	114

Manufacturing Facilities by Reportable Segment and Other

Food Care: We produce Food Care products in 59 manufacturing facilities, of which 15 are in North America, 16 in Europe, 11 in Latin America, 11 in AMAT and 6 in JANZ.

Diversey Care: We produce Diversey Care products in 18 manufacturing facilities, of which 4 are in North America, 5 in Europe, 3 in Latin America, 5 in AMAT and 1 in JANZ.

Product Care: We produce Product Care products in 67 manufacturing facilities, of which 30 are in North America, 17 in Europe, 7 in Latin America, 10 in AMAT and 3 in JANZ.

Other: We produce medical applications products in 3 manufacturing facilities, of which 1 is in North America and 2 are in Europe. We produce other products in 3 manufacturing facilities, of which 2 are in North America and 1 is in Europe.

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 U.S. 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 currently located in a leased facility in Charlotte, North Carolina. For a list of those countries outside of the U.S. where we have operations, see “Global Operations” above.

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, 2014, 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, 2014, 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.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant

The information appearing in the table below sets forth the current position or positions held by each of our executive officers, the officer's age as of January 31, 2015, the year in which the officer was first elected to the position currently held with us or with the former Sealed Air Corporation, now known as Sealed Air Corporation (US) and a wholly-owned subsidiary of the Company, and the year in which such person was first elected an officer.

All of our officers serve at the pleasure of the Board of Directors. We have employed all officers for more than five years except for Mr. Chrisman, who was first elected an officer effective August 2014, Mr. Chammas, who was first elected an officer effective December 16, 2010, Mr. Finch who was first elected effective May 16, 2013, Dr. Kadri, who was first elected an officer effective January 1, 2013, Ms. Lowe, who was first elected an officer effective June 18, 2012, Mr. Peribere, who was first elected an officer effective September 1, 2012, Mr. Sagnak, who was first elected an officer effective January 3, 2012 and Mr. Stiehl who was first elected an officer effective January 1, 2013.

Prior to being elected as an officer in August 2014, Mr. Chrisman served in a variety of management positions with the Company, including Global Vice President of Cushioning Solutions, Vice President and General Manager of Global Specialty Foams and Vice President of Customer Equipment. Mr. Chrisman has been an employee of the Company for 27 years.

Before joining the Company in November 2010, Mr. Chammas was the Vice President, Worldwide Supply Chain, for the Wm. Wrigley Jr. Company, a confectionery company, from October 2008 through October 2010, and prior to that served in management positions of increasing responsibility in supply chain, operations and procurement with the Wm. Wrigley Jr. Company from January 2002 until October 2008.

Prior to joining the Company in May 2013, Mr. Finch was Vice President, Associate General Counsel and Chief Compliance Officer for Zimmer Holdings, Inc., a global medical device company, from October 2009 until May 2013, serving on the company's executive operating committee. Prior thereto, he served in management positions of increasing responsibility with Zimmer from May 2005 until October 2009. Prior to joining Zimmer, Mr. Finch practiced law with the international law firm of Fulbright & Jaworski LLP (now, Norton Rose Fulbright).

Prior to joining the Company in January 2013, Dr. Kadri was the General Manager of the Dow Advanced Materials Division, a specialty materials provider in the Middle East and Africa, and the Europe, Middle East and Africa Commercial Director for Dow Water & Process Solutions, a global leader in sustainable separation and purification technology, from January 2010 until December 2012. Dr. Kadri joined Dow in 2009 as a Marketing Director for Dow Coating Materials, following the acquisition of Rohm and Haas, where she served as a Marketing Director for the construction, coatings and industrial division, since 2007.

Prior to joining the Company in June 2012, Ms. Lowe was the President of Carlisle Food Service Products, a subsidiary of Carlisle Companies Incorporated, a global diversified manufacturing company from August 2011 through June 2012. Ms. Lowe worked for Carlisle Companies Inc. for over ten years in a number of leadership positions including President of two business units, Vice President and Chief Financial Officer, and Treasurer. Ms. Lowe currently serves as a board member of Cytec Industries, Inc.

Prior to joining the Company in September 2012, Mr. Peribere worked at The Dow Chemical Company ("Dow") from 1977 through August 2012. Mr. Peribere served in multiple managerial roles with Dow, most recently as Executive Vice President of Dow and President and Chief Executive Officer, Dow Advanced Materials, a unit of Dow, from 2010 through August 2012. Mr. Peribere currently serves as a board member of Xylem, Inc.

Prior to joining the Company in October 2011 in connection with the Diversey acquisition, Mr. Sagnak was Regional President-Asia Pacific, Africa, Middle East, Turkey and the Caucasian/Asian Republics (APAT) of Diversey since December 2010. Prior to that, he held several management positions at Diversey from 1995 through 2010 and with

Unilever from 1990 through 1995.

Prior to joining the Company in January 2013, Mr. Stiehl was Vice President of Finance and Controller of the Aerostructures business unit of United Technologies Corporation from July 2012 through December 2012. Mr. Stiehl worked at Goodrich Corporation from 2006 through 2012. Mr. Stiehl also served as Senior Audit Manager with Deloitte and has worked in various accounting and finance positions for over twenty-five years with increasing levels of responsibilities.

There are no family relationships among any of our officers or directors.

Name and Current Position	Age as of January 31, 2015	First Elected to Current Position	First Elected an Officer
Jerome A. Peribere President, Chief Executive Officer and Director	60	2013	2012
Carol P. Lowe Senior Vice President and Chief Financial Officer	49	2012	2012
Emile Z. Chammas Senior Vice President	46	2010	2010
Kenneth P. Chrisman Vice President	50	2014	2014
Karl R. Deily Vice President	57	2006	2006
Norman D. Finch Jr. Vice President, General Counsel and Secretary	50	2013	2013
Ilham Kadri Vice President	46	2013	2013
Ruth Roper Vice President	60	2004	2004
Yagmar Sagnak Vice President	48	2012	2012
William G. Stiehl Chief Accounting Officer and Controller	53	2013	2013

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 2014 and 2013.

2014	High	Low	Dividend
First Quarter	34.65	29.86	0.13
Second Quarter	34.94	30.36	0.13
Third Quarter	37.21	31.67	0.13
Fourth Quarter	43.47	30.99	0.13

2013	High	Low	Dividend
First Quarter	24.28	17.94	0.13
Second Quarter	24.64	21.15	0.13
Third Quarter	30.57	24.45	0.13
Fourth Quarter	34.13	26.56	0.13

As of January 31, 2015, there were approximately 4,795 holders of record of our common stock.

Dividends

Our Amended Credit Facility and the senior 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 2007.

	Total Cash Dividends Paid (In millions)	Total Cash Dividends Paid per Common Share
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
2012	100.9	0.52
2013	102.0	0.52
2014	110.9	0.52

Total	$	697.6

On February 17, 2015, our Board of Directors declared a quarterly cash dividend of $0.13 per common share payable on March 20, 2015 to stockholders of record at the close of business on March 6, 2015. The estimated amount of this dividend payment is $27 million based on 210 million shares of our common stock issued and outstanding as of January 31, 2015.

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, 2014, the cumulative total return on an investment of $100 assumed to have been made on December 31, 2009 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") and (b) a self-constructed peer group.

The peer group 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.

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, 2014, 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] (a)	Average Price Paid Per Share (b)	Total Number of Share Purchased as Announced Plans or Programs (c)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
Balance as of September 30, 2014				11,501,398
October 1, 2014 through October 31, 2014	763,915	$ 33.33	763,915	10,737,483
November 1, 2014 through November 30, 2014	362,283	38.64	362,283	10,375,200
December 1, 2014 through December 31, 2014	277,231	41.36	256,490	10,118,710
Total	1,403,429	$ 36.17	1,382,688	10,118,710

(1) We acquired shares by means of (a) share trading plans we entered into with two of our brokers in accordance with Rule 10b5-1 of the Securities Act of 1933, as amended, and pursuant to our publicly announced program (described below), (b) shares withheld from awards under our Omnibus Incentive Plan (the successor plan to 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 (c) shares reacquired pursuant to the forfeiture provision of our Omnibus Incentive Plan. 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 Omnibus Incentive Plan as those shares are simply forfeited.

Period	Shares withheld for tax obligations and charges (a)	Average withholding price for shares in column “a” (b)	Forfeitures under Omnibus Incentive Plan (c)	Total (d)
October 1, 2014 through October 31, 2014	—	$ —	—	—
November 1, 2014 through November 30, 2014	—	—	—	—
December 1, 2014 through December 31, 2014	1,154	34.02	19,587	20,741
Total	1,154		19,587	20,741

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" 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.

Item 6. Selected Financial Data

	Year Ended December 31,				
(In millions, except share data)	2014	2013[1][2]	2012[1][2]	2011[1][2][3]	2010[1]
Consolidated Statements of Operations Data[4]:					
Net sales	$7,750.5	$7,690.8	$7,559.2	$5,467.3	$4,490.1
Gross profit	2,687.6	2,589.9	2,520.5	1,585.5	1,256.3
Impairment of goodwill and other intangible assets	—	—	1,892.3	—	—
Operating profit (loss)	653.6	604.6	(1,429.5)	425.7	538.5
Loss on debt redemption	(102.5)	(36.3)	(36.9)	—	(38.5)
Earnings (loss) from continuing operations before income tax provision	267.2	180.2	(1,884.4)	194.3	346.9
Net earnings (loss) from continuing operations	258.1	95.3	(1,619.0)	135.7	258.1
Net earnings from discontinued operations	—	7.6	28.7	16.4	—
Net gain on sale of discontinued operations	—	22.9	178.9	—	—
Net earnings (loss) available to common stockholders	$258.1	$125.8	$(1,411.4)	$152.1	$258.1
Basic and diluted net earnings (loss) per common share:					
Basic					
Continuing operations	$1.22	$0.49	$(8.40)	$0.81	$1.62
Discontinued operations	—	0.16	1.08	0.10	—
Net earnings (loss) per common share—basic	$1.22	$0.65	$(7.32)	$0.91	$1.62
Diluted					
Continuing operations	$1.20	$0.44	$(8.40)	$0.73	$1.45
Discontinued operations	—	0.14	1.08	0.09	—
Net earnings (loss) per common share—diluted	$1.20	$0.58	$(7.32)	$0.82	$1.45
Common stock dividends	$111.8	$102.6	$101.4	$88.7	$80.9
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$322.6	$992.4	$679.6	$703.6	$675.6
Goodwill	3,005.5	3,114.6	3,151.2	4,168.2	1,945.9
Intangible assets, net	872.2	1,016.9	1,131.6	2,027.6	78.0
Total assets	8,041.7	9,176.0	9,371.0	11,473.1	5,435.6
Settlement agreement and related accrued interest	—	925.1	876.9	831.2	787.9
Long-term debt, less current portion	4,282.5	4,116.4	4,540.8	4,966.7	1,399.2
Total stockholders' equity	1,162.8	1,416.3	1,468.5	2,977.7	2,424.0
Working capital (current assets less current liabilities)	960.7	758.7	993.6	952.8	614.7
Consolidated Cash Flows Data[4]:					
Net cash (used in) provided by operating activities	$(201.9)	$624.8	$394.2	$363.1	$483.1
Net cash used in investing activities	(141.5)	(105.5)	(114.9)	(2,365.7)	(96.9)
Net cash (used in) provided by financing activities	(304.1)	(319.8)	(585.1)	2,016.4	(373.0)
Other Financial Data:					
Depreciation and amortization	$266.7	$283.4	$300.2	$182.7	$154.7
Share-based incentive compensation	54.1	24.1	16.9	25.0	30.6
Capital expenditures	153.9	116.0	122.8	121.7	87.6

(1)

During the fourth quarter of 2014, we changed the method of valuing our inventories that used the LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly certain previously reported financial information has been revised. The impact of the change to net earnings is not material. See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

(2) Operating results for the rigid medical packaging business were reclassified to discontinued operations in 2013, 2012 and 2011 and related assets and liabilities were reclassified to assets and liabilities held for sale as of December 31, 2012 and 2011. Operating results for Diversey Japan were reclassified to discontinued operations for the periods in 2012 and 2011 beginning October 3, 2011. See Note 3, "Divestitures," for further information about the sale of our rigid medical packaging business in 2013 and the sale of our Diversey Japan in 2012. Results for 2010 have not been revised for the sale of the rigid medical packaging business as the results were not considered material or for the sale of the Diversey Japan because we acquired Diversey on October 3, 2011.

(3) Includes the financial results of Diversey for the period beginning October 3, 2011 (acquisition date).

(4) 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 and our consolidated cash flows for the three years ended December 31, 2014.

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

The information in this 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.

On December 6, 2013, we completed the sale of the rigid medical packaging business, and accordingly the operating results were reclassified to discontinued operations, net of tax, on the consolidated statements of operations for 2013 and 2012. On November 14, 2012, we completed the sale of Diversey Japan, and accordingly the operating results were reclassified to discontinued operations, net of tax, on the consolidated statements of operations for 2012. See Note 3, "Divestitures," for further details. All results and discussion included in this MD&A are presented on a continuing operations basis.

Effective as of January 1, 2014, we changed our segment reporting structure in order to reflect the way management now makes operating decisions and manages the growth and profitability of the business. This change corresponds with management's current approach of allocating costs and resources and assessing the performance of our segments. We report our segment information in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 280, "Segment Reporting," ("FASB ASC Topic 280"). There has been no change in our total consolidated financial condition or results of operations previously reported as a result of the change in our segment structure. There were no changes to the reportable segment assets as a result of the change in segment reporting.

As a result, the Company's new segment reporting structure consists of three reportable segments and an "Other" category and is as follows:

Food Care;
Diversey Care;
Product Care; and
Other (includes Corporate, Medical Applications and New Ventures businesses).

See Note 4, "Segments" for further information.

During the fourth quarter of 2014, we changed the method of valuing our inventories that used the last-in first-out (LIFO) method to the first-in first-out (FIFO) method, so that all of our inventories are now valued at FIFO. Certain amounts have been revised to reflect the retrospective application of this change in inventory costing method for certain U.S. inventories to the FIFO method from the LIFO method. Refer to Note 2, "Summary of Significant Accounting Policies - Inventories," of the notes to consolidated financial statements for further details surrounding this accounting policy change.

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, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measureable, sustainable value to our customers, employees and investors. We have widely recognized and inventive brands such as Cryovac® packaging technology, Diversey® and TASKI® brand cleaning and hygiene solutions and our Bubble Wrap ® brand cushioning, Jiffy® protective mailers, and Instapak® foam-in-place systems.

As of December 31, 2014, we employed approximately 7,100 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, healthcare facilities, medical device manufacturers, and other manufacturers. We have no material long-term contracts for the distribution of our products. In 2014, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Historically, net sales in our Food Care segment 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 Diversey Care segment have tended to be slightly lower in the first quarter; second quarter sales represent a modest seasonal increase due to higher occupancy rates in European lodging; and the third and fourth quarters of the year are relatively the same level as the second quarter. Net sales in our Product Care segment have also tended to be slightly lower in the first quarter and higher in the mid-third quarter and through the fourth quarter due to holiday shopping season. 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. Cash flow from operations has tended to be higher in the second half of the year, reflecting seasonality of sales and working capital changes, including the timing of certain annual incentive compensation payments.

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 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. Our Food Care hygiene solutions and Diversey Care solutions businesses 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 Part I, Item 1 “Business.”

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.

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.

Highlights of Financial Performance

Below are the highlights of our financial performance for the three years ended December 31, 2014.

	Year Ended December 31,			2014 vs. 2013	2013 vs. 2012
(In millions, except per share amounts)	2014	2013[1]	2012[1]	% Change	% Change
Net sales	$7,750.5	$7,690.8	$7,559.2	0.8 %	1.7 %
Gross profit	$2,687.6	$2,589.9	$2,520.5	3.8 %	2.8 %
As a % of net sales	34.7 %	33.7 %	33.3 %		
Operating profit (loss)	$653.6	$604.6	$(1,429.5)	8.1 %	#%
As a % of net sales	8.4 %	7.9 %	(18.9)%		
Net earnings (loss) available to common stockholders from continuing operations	$258.1	$95.3	$(1,619.0)	170.8 %	#%

Net earnings (loss) per common share from continuing operations - basic	$1.22	$0.49	$(8.40	)	148.9	%	#%	
Net earnings (loss) per common share from continuing operations - diluted	$1.20	$0.44	$(8.40	)	172.0	%	#%	
Weighted average number of common shares outstanding:								
Basic	210.0	194.6	192.8					
Diluted	213.9	214.2	192.8					
Non-U.S. GAAP Adjusted EBITDA from continuing operations(2)	1,118.3	1,040.5	978.9		7.5	%	6.3	%
Non-U.S. GAAP Adjusted EPS from continuing operations	$1.86	$1.39	$0.97		33.8	%	43.3	%

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

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly certain previously reported financial information has been revised. See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

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

Diluted Net Earnings per Common Share

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

	Year Ended December 31,					
	2014		2013		2012	
(In millions, except per share data)	Net Earnings	EPS	Net Earnings[(1)]	EPS[(1)]	Net Earnings[(1)]	EPS[(1)]
U.S. GAAP net earnings and EPS available to common stockholders from continuing operations [(2)]	$258.1	$1.20	$95.3	$0.44	$(1,619.0)	$(8.40)
Special items[(3)]	140.8	0.66	203.8	0.95	1,826.2	9.37
Non-U.S. GAAP adjusted net earnings and EPS available to common stockholders - continuing operations	$398.9	$1.86	$299.1	$1.39	$207.2	$0.97
Weighted average number of common shares outstanding - Diluted		213.9		214.2		211.2

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

(2) Net earnings per common share are calculated under the two-class method.

(3) Special items are certain one-time costs/credits that are included in our U.S. GAAP reported results.

For 2014, special items primarily included restructuring and other associated costs related to our restructuring programs of $102 million ($84 million, net of taxes), foreign currency exchange losses related to Venezuelan subsidiaries of $20 million ($20 million, net of taxes), loss on debt redemption and refinancing activities of $103 million ($67 million, net of taxes), and costs related to development grant matter of $14 million ($14 million, net of taxes). These amounts were partially offset by our gain on Claims Settlement of $21 million and $46 million of additional tax benefits directly and indirectly related to the Grace settlement, including the release of reserve related to unrecognized tax benefits, valuation allowances and unremitted earnings.

For 2013, special items primarily included restructuring and other charges of $74 million ($59 million, net of taxes) and associated costs of $26 million ($18 million, net of taxes), related to both EQIP and IOP, $50 million increase to the valuation allowance in connection with the deferred tax asset related to the Settlement agreement, loss on debt redemption of $36 million ($24 million, net of taxes), write down of non-strategic assets of $5 million ($3 million, net of taxes) and foreign currency exchange losses related to Venezuelan subsidiaries of $13 million ($11 million, net of taxes). For 2012, these items primarily included (i) impairment of goodwill and other intangible assets, (ii) restructuring charges and (iii) loss on debt redemption.

For 2012, for purposes of calculating Adjusted EPS, the dilutive impact of: (i) the effect of the assumed issuance of 18 million shares of common stock reserved for the Settlement agreement and (ii) the effect of non-vested restricted stock and restricted stock units using the treasury stock method was included because we reported adjusted net earnings for 2012. These shares differ from the shares used to calculate net loss per common share included in the consolidated statement of operations for U.S. GAAP reporting purposes because we reported a net loss for 2012, which does not include the effect of the items mentioned above as the effect was anti-dilutive. See Note 21, "Net Earnings (Loss) Per Common Share," for details on the calculation of our U.S. GAAP basic and diluted EPS and "Non-U.S. GAAP Information" above, for further details.

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

(In millions)	Year Ended December 31, 2014 Provision	2014 Effective Tax Rate	2013 Provision[(1)]	2013 Effective Tax Rate[(1)]	2012 Provision (Benefit)[(1)]	2012 Effective Tax Rate[(1)]
U.S. GAAP	$9.1	3.4 %	$84.9	47.1 %	$(265.4)	14.1 %
Non-U.S. GAAP	$113.0	22.1 %	$78.2	20.7 %	$70.7	25.4 %

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

Foreign Currency Translation Impact on Consolidated Financial Results

Since we are a U.S. domiciled company, we translate our foreign currency-denominated financial results into U.S. dollars. Due to the changes in the value of foreign currencies relative to the U.S. dollar, translating our financial results from foreign currencies to U.S. dollars may result in a favorable or unfavorable impact. Historically, the most significant currencies that have impacted the translation of our consolidated financial results are the euro, the Australian dollar, the Brazilian real, the British pound, the Canadian dollar and the Mexican peso.

The following table presents the approximate favorable or (unfavorable) impact foreign currency translation had on some of our consolidated financial results:

(In millions)	2014 vs. 2013	2013 vs. 2012
Net sales	$(183.3)	$(75.6)
Cost of sales [(1)]	$125.1	$64.5
Selling, general and administrative expenses	$29.5	$9.4
Net earnings from continuing operations[(1)]	$(18.2)	$1.2
Adjusted EBITDA [(1)]	$(30.1)	$(0.6)

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

Net Sales by Geographic Region

Net sales by geographic region for three years ended December 31, 2014 as follows:

(In millions)	Year Ended December 31, 2014	2013 [1]	2012[1]	2014 vs. 2013 % Change	2013 vs. 2012 % Change
North America	$3,071.9	$3,004.9	$2,952.4	2.2 %	1.8 %
As a % of net sales	39.6 %	39.1 %	39.1 %		
Europe	$2,447.1	$2,427.3	$2,416.5	0.8 %	0.4 %
As a % of net sales	31.6 %	31.6 %	32.0 %		
Latin America	$807.5	$840.7	$799.7	(3.9)%	5.1 %
As a % of net sales	10.4 %	10.9 %	10.6 %		
AMAT[2]	$869.5	$845.1	$794.4	2.9 %	6.4 %
As a % of net sales	11.2 %	11.0 %	10.5 %		
JANZ[3]	$554.5	$572.8	$596.2	(3.2)%	(3.9)%
As a % of net sales	7.2 %	7.4 %	7.9 %		
Total	$7,750.5	$7,690.8	$7,559.2	0.8 %	1.7 %

(1) As of January 1, 2013, the Company changed the measure for analyzing sales by geographic regions. Sales attributed to each geographic region in the table above are based on customer destination. Prior to January 1, 2013, sales were attributable to geographic region based on shipping origin.

(2) AMAT = Asia, Middle East, Africa and Turkey

(3) JANZ = Japan, Australia and New Zealand

By geographic region, the components of the increase in net sales for 2014 compared with 2013 were as follows:

(In millions)	North America		Europe		Latin America		AMAT		JANZ		Total	
2013 net sales(1)	$3,004.9		$2,427.3		$840.7		$845.1		$572.8		$7,690.8	
Volume-Units	(13.4)	(0.5)%	(2.6)	(0.1)%	(26.2)	(3.1)%	36.7	4.3%	(0.9)	(0.2)%	(6.4)	—%
Product price/mix	99.0	3.3%	20.1	0.8%	96.5	11.5%	21.8	2.6%	12.0	2.1%	249.4	3.2%
Total constant dollar change (Non-U.S. GAAP)	85.6	2.8%	17.5	0.7%	70.3	8.4%	58.5	6.9%	11.1	1.9%	243.0	3.2%
Foreign currency translation	(18.6)	(0.6)%	2.3	0.1%	(103.5)	(12.3)%	(34.1)	(4.0)%	(29.4)	(5.1)%	(183.3)	(2.4)%
Total	67.0	2.2%	19.8	0.8%	(33.2)	(3.9)%	24.4	2.9%	(18.3)	(3.2)%	59.7	0.8%
2014 net sales	$3,071.9		$2,447.1		$807.5		$869.5		$554.5		$7,750.5	

(1) As of January 1, 2013, the Company changed the measure for analyzing sales by geographic regions. Sales attributed to each geographic region in the table above are based on customer destination. Prior to January 1, 2013, sales were attributable to geographic region based on shipping origin.

By geographic region, the components of the increase in net sales for 2013 compared with 2012 were as follows:

(In millions)	North America		Europe		Latin America		AMAT		JANZ		Total	
2012 net sales(1)	$2,952.4		$2,416.5		$799.7		$794.4		$596.2		$7,559.2	
Volume-Units	18.7	0.6%	(2.2)	(0.1)%	36.5	4.6%	54.3	6.8%	6.7	1.1%	114.0	1.5%
Volumes - Acquired business, net of (dispositions)	(1.2)	—%	0.3	—%	0.1	—%	0.3	—%	—	—%	(0.5)	—%
Product price/mix	44.5	1.5%	(3.8)	(0.2)%	40.5	5.1%	16.3	2.0%	(3.8)	(0.6)%	93.7	1.2%
Total constant dollar change (Non-U.S.	62.0	2.1%	(5.7)	(0.3)%	77.1	9.7%	70.9	8.8%	2.9	0.5%	207.2	2.7%

GAAP)												
Foreign currency translation	(7.5)	(0.3)%	37.1	1.5 %	(52.5)	(6.6)%	(18.6)	(2.3)%	(34.1)	(5.7)%	(75.6)	(1.0)%
Total change (U.S. GAAP)	54.5	1.8 %	31.4	1.2 %	24.6	3.1 %	52.3	6.5 %	(31.2)	(5.2)%	131.6	1.7 %
2013 net sales[1]	$3,006.9		$2,447.9		$824.3		$846.7		$565.0		$7,690.8	

(1) Net sales in the above table are attributed to geographic region based on shipping origin.

Net Sales by Segment

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

(In millions)	Year Ended December 31, 2014	2013	2012	2014 vs. 2013 % Change	2013 vs. 2012 % Change
Net Sales:					
Food Care	$3,835.3	$3,814.2	$3,744.0	0.6 %	1.9 %
As a % of Total Company net sales	49.5 %	49.6 %	49.5 %		
Diversey Care	2,173.1	2,160.8	2,131.9	0.6 %	1.4 %
As a % of Total Company net sales	28.0 %	28.1 %	28.2 %		
Product Care	1,655.0	1,610.0	1,580.4	2.8 %	1.9 %
As a % of Total Company net sales	21.4 %	20.9 %	20.9 %		
Total Reportable Segments	7,663.4	7,585.0	7,456.3	1.0 %	1.7 %
Other	87.1	105.8	102.9	(17.7)%	2.8 %
Total Company	$7,750.5	$7,690.8	$7,559.2	0.8 %	1.7 %

Components of Change in Net Sales by Segment

The following tables present the components of change in net sales by our segment reporting structure for 2014 compared with 2013 and 2013 compared with 2012. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as "constant dollar." We believe using constant dollar measures aids in the comparability between periods as it eliminates the volatility of changes in foreign currency exchange rates.

(In millions)	Food Care		Diversey Care		Product Care		Other		Total Company	
2013 Net Sales	$3,814.2		$2,160.8		$1,610.0		$105.8		$7,690.8	
Volume - Units	(16.1)	(0.4)%	27.4	1.3 %	2.6	0.2 %	(20.3)	(19.2)%	(6.4)	— %
Product price/mix[1]	154.2	4.0 %	37.4	1.7 %	55.7	3.5 %	2.1	2.0 %	249.4	3.2 %
Total constant dollar change (Non-U.S. GAAP)	138.1	3.6 %	64.8	3.0 %	58.3	3.7 %	(18.2)	(17.2)%	243.0	3.2 %
Foreign currency translation	(117.0)	(3.0)%	(52.5)	(2.4)%	(13.3)	(0.9)%	(0.5)	(0.5)%	(183.3)	(2.4)%
Total change (U.S. GAAP)	21.1	0.6 %	12.3	0.6 %	45.0	2.8 %	(18.7)	(17.7)%	59.7	0.8 %
2014 Net Sales	$3,835.3		$2,173.1		$1,655.0		$87.1		$7,750.5	

(In millions)	Food Care		Diversey Care		Product Care		Other		Total Company	
2012 Net Sales	$3,744.0		$2,131.9		$1,580.4		$102.9		$7,559.2	
Volume - Units	62.1	1.7 %	11.3	0.5 %	40.6	2.6 %	—	— %	114.0	1.5 %
Volumes - Acquired business, net of (dispositions)	—	— %	—	— %	—	— %	(0.5)	(0.5)%	(0.5)	— %
Product price/mix[1]	60.9	1.6 %	32.8	1.5 %	(2.5)	(0.2)%	2.5	2.5 %	93.7	1.2 %
Total constant dollar change (Non-U.S. GAAP)	123.0	3.3 %	44.1	2.0 %	38.1	2.4 %	2.0	2.0 %	207.2	2.7 %
Foreign currency translation	(52.8)	(1.4)%	(15.2)	(0.6)%	(8.5)	(0.5)%	0.9	0.8 %	(75.6)	(1.0)%
Total change (U.S. GAAP)	70.2	1.9 %	28.9	1.4 %	29.6	1.9 %	2.9	2.8 %	131.6	1.7 %
2013 Net Sales	$3,814.2		$2,160.8		$1,610.0		$105.8		$7,690.8	

(1) Our product price/mix reported above includes the net impact of our pricing actions and rebates as well as the period-to-period change in the mix of products sold. Also included in our reported product price/mix is the net effect of some of our customers purchasing our products in non-U.S. dollar or euro denominated countries at

selling prices denominated in U.S. dollars or euros. This primarily arises when we export products from the U.S. and euro-zone countries. The impact to our reported product price/mix of these purchases in other countries at selling prices denominated in U.S. dollars or euros was not material in the periods included in the table above.

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

Food Care

2014 compared with 2013

The $138 million, or 4%, constant dollar increase in net sales in 2014 compared with 2013 was primarily due to:

- favorable product price/mix in all regions, primarily in Latin America of $72 million, or 13%, North America $60 million, or 4%, and JANZ $11 million, or 3%, reflecting favorable results from the progression of our pricing and value initiatives implemented to offset increase in raw material costs, currency de-valuation and non-material inflationary costs; and
- higher unit volumes in Europe of $20 million, or 2%, and AMAT of $12 million, or 4%, due to strong demand for our innovative products, value added solutions and new platforms.

These favorable drivers were partially offset by lower unit volumes in North America of $26 million, or 2%, in Latin America of $17 million, or 3%, largely attributable to a decline in beef production in North America and PED virus impact related to the pork market in both North America and Mexico.

2013 compared with 2012

The $123 million, or 3%, constant dollar increase in net sales in 2013 compared with 2012 was primarily due to

- higher unit volumes in AMAT of $32 million, or 12%, and in Latin America of $25 million, or 5%, due to an increase in beef production rates, hygiene standards as well as strong customer acceptance of new products; and
- favorable product price/mix in Latin America of $32 million, or 6%, and in North America of $26 million, or 2%, reflecting favorable results from the progression of our pricing initiatives implemented to offset increases in raw material costs, specifically in Brazil, Argentina and in the U.S.

Diversey Care

2014 compared with 2013

The $65 million, or 3%, constant dollar increase in net sales in 2014 compared with 2013 was primarily due to:

- higher unit volumes in AMAT of $20 million, or 5%, in North America of $13 million, or 2%, and in Latin America of $11 million, or 6%, due to increase sales as a result of new customers and strong end market demand, especially in the building service contractor, food service and hospitality sectors; and
- favorable product price/mix in Latin America of $17 million, or 9%, in AMAT of $12 million, or 3% and in Europe of $9 million, or 1%. These increases were due to the favorable impact from our effort to eliminate low margin business and improve the quality of our earnings.

These favorable drivers were offset by lower unit volumes in Europe $14 million, or 1%, due to the continuing economic challenges in this region and our customer and product rationalization efforts.

2013 compared with 2012

The $44 million, or 2%, constant dollar increase in net sales in 2013 compared with 2012 was primarily due to:

- favorable product price/mix of $25 million, or 2%. This increase is primarily due to our pricing actions in 2013 in all regions, primarily in Latin America and AMAT, which have more than offset input cost increases;
- higher unit volumes in AMAT of $21 million, or 6%, due to growth primarily in the hospitality and food service sectors; and
- higher unit volumes in Latin America of $11 million, or 6%, due to growth in food services, channel and retail sectors.

These favorable factors were offset by lower unit volumes in Europe of $13 million, or 1%, due to the economic challenges in this region.

Product Care

2014 compared with 2013

The $58 million, or 4%, constant dollar increase in net sales in 2014 compared with 2013 was primarily due to:

- favorable product price/mix in all regions, primarily in North America of $41 million, or 4%, and in Latin America of $8 million, or 10%, reflecting results from our focus on shifting our business from general use towards high-performance packaging solutions, including cushioning and packaging systems, and the progression of our pricing and value initiatives implemented to offset increases in raw material costs and non-material inflationary costs

as well as currency devaluation; and
higher unit volumes of $3 million, which was reflective of growth in the e-commerce and third-party logistics sectors in all regions, partially offset by lower unit volumes from our sales in our general use products as result of our product rationalization efforts.

2013 compared with 2012

The $38 million, or 2%, constant dollar increase in net sales in 2013 compared with 2012 was primarily due to:

an increase in unit volumes of $21 million, or 2% in North America, $8 million, or 8% in JANZ and $7 million, or 2% in Europe, primarily due to strong growth in the packaging systems sector; and
favorable product price/mix of $8 million, or 1% in North America reflecting results from the progression of our pricing initiatives implemented in North America in the fourth quarter of 2013 to offset increases in raw material costs, which was partially offset by unfavorable product price/mix of $7 million, or 2% in Europe, primarily related to consumer based and large e-commerce customers.

Cost of Sales

Cost of sales for the three years ended December 31, 2014 was as follows:

	Year Ended December 31,			2014 vs. 2013	2013 vs. 2012
(In millions)	2014	2013	2012	% Change	% Change
Net sales	$7,750.5	$7,690.8	$7,559.2	0.8 %	1.7 %
Cost of sales	5,062.9	5,100.9	5,038.7	(0.7)%	1.2 %
As a % of net sales	65.3 %	66.3 %	66.7 %		

2014 compared with 2013

Cost of sales was impacted by favorable foreign currency translation of $125 million. On a constant dollar basis, cost of sales increased $87 million, or 2%, primarily due to:

the unfavorable impact of higher raw material costs of $78 million,
an increase in non-material inflationary costs of $41 million, primarily related to non-material inflation including salaries, wages and benefit expenses; and
increase in cash annual incentive compensation expense of $10 million primarily due to the change in the anticipated level of achievement of our annual cash incentive compensation targets.

These factors were partially offset by favorable impact of cost synergies of $47 million and other supply chain efficiencies.

We anticipate raw material costs will have a favorable impact on cost of sales in 2015 as compared with 2014; however, we also expect an unfavorable impact on net earnings related to foreign currency. Our pricing actions could be placed under negative pressure due to declines in raw material costs, and could result in a loss of sales volumes as certain customers may choose to purchase products from our competitors at lower prices.

2013 compared with 2012

Cost of sales was impacted by a favorable foreign currency translation impact of $62 million. On a constant dollar basis, cost of sales increased $128 million, or 3%. Some of the factors that contributed to the increase in cost of sales were:

- higher raw material costs of $38 million;
- inflationary costs of $46 million, primarily related to non-material inflation including salaries, wages and benefit expenses;
- higher profit sharing expense of $7 million due to achieving most of our 2013 financial performance goals; and
- higher freight costs of $7 million; and increased costs to support higher unit volumes.

These factors were partially offset by the favorable impact of:

- incremental cost synergies associated with IOP of $44 million; and
- lower associated costs incurred with the implementation of IOP of $9 million.

Cost of sales as a percentage of net sales decreased in the last three years primarily reflecting manufacturing efficiency improvements and synergies from our restructuring programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three years ended December 31, 2014 are included in the table below.

(In millions)	Year Ended December 31, 2014	2013	2012	2014 vs. 2013 % Change	2013 vs. 2012 % Change
Selling, general and administrative expenses	1,837.2	1,749.1	1,756.7	5.0 %	(0.4)%
As a % of net sales	23.7 %	22.7 %	23.2 %		

2014 compared with 2013

SG&A expenses were impacted by favorable foreign currency translation of $29 million. On a constant dollar basis, SG&A expenses increased $117 million, or 7%. This increase was primarily due to:

higher compensation and benefits expenses of $89 million, including the impact of annual salary increases and inflation of $54 million and, to a lesser extent, the impact of higher cash annual incentive compensation expense of $35 million primarily due to the change in the anticipated level of achievement of our annual cash incentive compensation targets;
higher performance based annual incentive compensation expense of $24 million, primarily due to the change in the anticipated level of achievement related to certain PSU award programs as well as the impact of new PSU award programs approved in 2014;
costs related to development grant matter of $14 million;
higher information system expense of $12 million, primarily due to our ERP software implementations and upgrades in 2014;
higher sales and marketing expense of $6 million, primarily due to support our sales expansion in AMAT and other developing regions,
incremental costs incurred with the implementation of restructuring programs of $5 million; and
incremental costs incurred as a result of termination of licensing agreement of $3 million.

These factors were partially offset by the favorable impact of cost synergies of $50 million realized from our restructuring activities.

2013 compared with 2012

Selling, general and administrative expenses were impacted by a favorable foreign currency translation impact of $9 million. On a constant dollar basis, selling, general and administrative expenses increased $2 million, primarily due to:

higher inflationary costs of $35 million, including the impact of salaries, wages and benefit expenses;

higher performance based annual incentive compensation of $25 million and higher profit sharing expense of $9 million, primarily due to achieving most of our 2013 financial performance goals; and

incremental costs incurred with the implementation of restructuring programs of $13 million.

These factors were partially offset by the favorable impact of cost synergies associated with IOP of $68 million.

Amortization Expense of Intangible Assets Acquired

Amortization expense of intangible assets acquired for the three years ended December 31, 2014 was as follows:

(In millions)	Year Ended December 31, 2014	2013	2012	2014 vs. 2013 % Change	2013 vs. 2012 % Change
Amortization expense of intangible assets acquired	$118.9	$123.2	$132.7	(3.5)%	(7.2)%
As a % of net sales	1.5 %	1.6 %	1.8 %		

Amortization expense of intangible was impacted by favorable foreign currency translation of $1 million. On a constant dollar basis, amortization expenses decreased $3 million, or 3%. This decrease was primarily due to certain license agreements and software which we acquired as part of the Diversey acquisition, which were fully amortized as of September, 2014.

The decrease in amortization expense in 2013 as compared with 2012 was primarily due to the impact of the non-cash impairment charge recorded in 2012, which lowered the carrying value of certain intangible assets acquired, which in turn resulted in lower amortization expense in 2013.

Impairment of Goodwill and Other Intangible Assets

During the third quarter of 2012, due to the continuing unfavorable economic conditions primarily in Europe and North America, we re-evaluated the near and long-term expected business performance of our Diversey business. Our Diversey business had experienced operating results that were significantly lower than expected during the first half of 2012 and lower than originally forecasted at the time of the acquisition of Diversey in 2011. Also during the third quarter of 2012, we started our annual multi-year strategic forecasting and planning process, which is prepared for all reporting units in the second half of each year. In connection with this process, we re-evaluated the near and long-term expected business performance of the Diversey business and considered the long-term market conditions and business trends within each of the Diversey regional reporting units. As a result of our re-evaluation, we determined that our European business was not expected to achieve any significant growth until late 2013 or 2014. Additionally, in North America, we were not able to pass along to our customers, increases in raw material costs that began in late 2011 and continued into 2012, consequently causing margins to be significantly lower than originally expected. Also, the impact of lower sales and increases in raw material costs in Latin America caused that region’s operating results to be lower than expected. When we factored the impact of these unfavorable conditions into our strategic forecasting and planning process, we determined that these were significant indicators of potential impairment in accordance with ASC 350, “Intangibles-Goodwill and Other.” Accordingly, we performed an interim impairment test for both the goodwill and long-lived assets of the Diversey European, North American and Latin American reporting units.

During the fourth quarter of 2012, we began to operate under our new business division structure, which created the Diversey Care and Hygiene Solutions (which is included in the Food Care segment) reporting units from the previous legacy Diversey segment. In connection with this new business division structure, we revised our multi-year forecast under the new reporting unit structure.

Included in the revised multi-year forecast was our expectation that there would be further economic weakness in Europe, particularly in Southern Europe, which was more severe than we initially forecasted during our third quarter

2012 interim impairment review. The Diversey Care and Hygiene Solutions reporting units both derive a significant portion of their revenue from Europe. Also, included in the revised multi-year forecast for the Diversey Care and Hygiene Solutions reporting units were the reported results for these reporting units for the fourth quarter of 2012. The reported results for both the Diversey Care and Hygiene Solutions reporting units were lower than originally forecasted at the end of the third quarter of 2012. In particular, the Diversey Care reporting unit experienced lower volumes in its consumer brands and lower equipment sales in Europe as compared with the fourth quarter of 2011. In addition, the Diversey Care reporting unit continued to incur higher sales and marketing expenses compared with the fourth quarter of 2011. During the fourth quarter of 2012, several new members of our senior management team believed that a new and enhanced business strategy was required to successfully operate both the Diversey Care and Hygiene Solutions businesses. The combination of the factors mentioned above unfavorably impacted our near and long-term forecasted revenues and cash flows for the Diversey Care and Hygiene Solutions reporting units.

At December 31, 2012, we considered the factors mentioned above, including our new business division structure, and we determined that further indicators of impairment were present. Accordingly, we performed an interim assessment of impairment of our goodwill and long-lived assets for the Diversey Care and Hygiene Solutions reporting units.

In 2012, we recorded a pre-tax non-cash impairment charge of $1,892 million of goodwill and other intangible assets.

As part of our evaluation in 2014 and 2013, the profitability and operating performance of the Diversey Care and Hygiene Solutions reporting units showed improvement compared to 2012. This operating performance improvement was factored into our annual multi-year strategic forecasting and planning process, which was prepared for all of our reporting units in the second half of each year. In connection with this process, we evaluated the near and long-term expected business performance of all the reporting units and considered the long-term market conditions and business trends within each of the reporting units. As a result of this annual evaluation, there was no indication of impairment for any of the reporting units in 2014 and 2013.

See Note 7, "Goodwill and Identifiable Intangible Assets," for details of our goodwill balance and the goodwill reviews performed in 2014, 2013 and 2012 and other related information.

Stock Appreciation Rights Expense

SARs expense for the three years ended December 31, 2014 is as follows:

(In millions)	Year Ended December 31, 2014	2013	2012	2014 vs. 2013 % Change	2013 vs. 2012 % Change
Stock appreciation rights expense	$8.1	$38.1	$18.4	(78.7)%	107.1 %
As a % of net sales	0.1%	0.5 %	0.2 %		

SARs expense includes the impact of changes in the share price of our common stock. The share price of our common stock increased 25% in 2014 as compared to an increase of approximately 94% in 2013. See Note 18, "Stockholder's Equity," for further details of our SARs program. As of December 31, 2014, we had approximately 600,000 SARs outstanding, of which approximately 300,000 were unvested and will vest entirely by March 31, 2015.

Integration Related Costs

We recorded integration related costs approximately $4 million in 2014, $1 million in 2013 and $7 million in 2012. These costs primarily consist of professional and consulting fees.

Restructuring Activities

Fusion

On December 18, 2014, the Board of Directors of the Company approved a new restructuring plan (the "Fusion Program" or the "Plan"), which consists of a portfolio of restructuring projects across all of our divisions as part of our transformation of Sealed Air Corporation into a knowledge-based company, including reduction in headcount and consolidation and relocation of certain facilities and offices, including the relocation of the Company's headquarters to Charlotte, NC as announced on July 23, 2014.

The Company currently estimates that it will incur aggregate costs of approximately $275 million to $285 million in connection with the implementation of this Plan. The net cash cost of the Plan is expected to be in the range of $210 million to $220 million. The costs associated with the Plan, the majority of which are expected to be incurred between 2015 and 2017, will primarily consist of (i) a reduction in headcount through reorganization and integration, including severance and termination benefits for employees, expected to be approximately $115 million to $120 million, and (ii) other costs associated with the Plan, primarily relating to the rationalization, consolidation and relocation of certain portions of our global supply chain and other facilities and offices, expected to be approximately $160 million to $165 million. Included in the total cash costs, the Company anticipates approximately $55 million to $65 million of capital expenditures related to the Plan, of which the majority is expected to be incurred between 2015 and 2016. The Plan is expected to be substantially complete by the end of 2017.

The Plan is currently estimated to generate annualized synergies of approximately $80 million to $85 million by the end of 2018. Additionally, the Plan is expected to generate cash and benefits of approximately $65 million from the sale of certain assets, state and local incentives in connection with the relocation of the Company's headquarters and reductions in working capital. These amounts are preliminary estimates based on the information currently available to management.

Earnings Quality Improvement Program (EQIP)

On May 1, 2013, we commenced with our EQIP, which is an initiative to deliver meaningful cost savings and network optimization. The plan is estimated to generate annualized savings of approximately $90-$110 million by the end of 2016. We achieved $69 million incremental cost synergies in 2014 related to this program compared with 2013. We achieved these synergies in cost of sales ($28 million) and in selling, general and administrative expenses ($41 million), primarily in our Food Care and Diversey Care divisions.

Integration and Optimization Program (IOP)

In December 2011, we initiated a restructuring program associated with the integration of Diversey's business following our acquisition of Diversey on October 3, 2011. This program is expected to be substantially completed by the end of 2015. We achieved $27 million incremental cost synergies in 2014 related to this program compared with 2013. We achieved these synergies in cost of sales ($18 million) and in selling, general and administrative expenses ($9 million), primarily in our Food Care and Diversey Care divisions.

The actual timing of future costs and cash payments related to the programs described above and our relocation activities is subject to change due to a variety of factors that may cause a portion of the costs, spending and benefits to occur later than expected. In addition, changes in foreign exchange rates may impact future costs, spending and benefits and cost synergies. See Note 9, "Restructuring and Relocation Activities," for further discussion of the costs, cash payments and liabilities associated with these programs and relocation activities.

Adjusted EBITDA by Segment

As of January 1, 2014, the Company changed the segment measure in which the management assesses segment performance and makes allocation decisions by segment from operating profit (a U.S. GAAP financial measure) to Adjusted EBITDA (a non-U.S. GAAP financial measure). Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of special items. See "Use of Non-U.S. GAAP Information" above for a discussion of special items and further information of our use of non-U.S. GAAP measures.

We allocate and disclose depreciation and amortization expense to our segments, although property and equipment, net is not allocated to the segment assets, nor is depreciation and amortization included in the segment performance metric Adjusted EBITDA. We also allocate and disclose restructuring and other charges and impairment of goodwill and other intangible assets by segment, although it is not included in the segment performance metric Adjusted EBITDA since restructuring and other charges and impairment of goodwill and other intangible assets are categorized as special items. The accounting policies of the reportable segments and Other are the same as those applied to the consolidated financial statements.

See Note 4, "Segments," for the reconciliation of Non-U.S. GAAP Adjusted EBITDA to U.S. GAAP net earnings from continuing operations and other segment details.

	Year Ended December 31,			2014 vs. 2013	2013 vs. 2012
(In millions)	2014	2013[1]	2012[1]	Change	Change
Food Care	$670.2	$614.7	$576.3	9.0 %	6.7 %
Adjusted EBITDA Margin	17.5 %	16.1 %	15.4 %		
Diversey Care	245.0	237.3	217.9	3.2 %	8.9 %
Adjusted EBITDA Margin	11.3 %	11.0 %	10.2 %		
Product Care	292.7	266.3	267.0	9.9 %	(0.3)%

Adjusted EBITDA Margin	17.7 %	16.5 %	16.9 %		
Total Reportable Segments Adjusted EBITDA	1,207.9	1,118.3	1,061.2	8.0 %	5.4 %
Other	(89.6)	(77.8)	(82.3)	15.2 %	(5.5)%
Non-U.S. GAAP Total Company Adjusted EBITDA	$1,118.3	$1,040.5	$978.9	7.5 %	6.3 %
Adjusted EBITDA Margin	14.4 %	13.5 %	12.9 %		

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 2, “Summary of Significant Accounting Policies – Inventories” for additional details regarding this accounting policy change.

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The following is a discussion of the factors that contributed to the change in Adjusted EBITDA by segment in the three years ended December 31, 2014 as compared with the prior year.

Food Care

2014 compared with 2013

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $20 million. On a constant dollar basis, Adjusted EBITDA increased $75 million, or 12%, in 2014 compared with the same period in 2013 primarily due to the impact of:

- impact of favorable product/price mix, margin expansion, and manufacturing efficiency improvements of $87 million;
- cost synergies of $51 million primarily due to EQIP restructuring program.

These favorable drivers were partially offset by:

- an increase in SG&A and other expense of $51 million, primarily due to compensation and benefits expense of $22 million, including the impact of annual salary increases and inflation, higher annual cash incentive compensation expense of $22 million, and increase in research and development expense; and
- an unfavorable impact of lower unit volumes of $12 million.

2013 compared with 2012

The increase in Food Care's Adjusted EBITDA was primarily due to the impact of cost synergies associated with IOP of $58 million, impact of higher volumes of $20 million, and the impact of favorable product/price mix and manufacturing efficiency improvements of $25 million. These factors were partially offset by higher performance based annual incentive compensation of $21 million, higher selling, general and administrative expenses incurred in support of the increase in net sales as well as non-material supply chain inflation.

Diversey Care

2014 compared with 2013

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $10 million. On a constant dollar basis, Adjusted EBITDA increased $18 million, or 8%, in 2014 compared with the same period in 2013 primarily due to the impact of:

- impact of favorable product/price mix and manufacturing efficiency improvements of $26 million;
- impact of higher unit volumes of $9 million; and
- cost synergies of $23 million primarily due to EQIP restructuring program.

These favorable drivers were partially offset by:

- an increase in SG&A and other expense of $40 million, primarily due to compensation and benefits expense of $22 million, including the impact of annual salary increases, and inflation and higher annual cash incentive compensation expense of $8 million; and an increase in expense of $6 million for sales and marketing primarily to support our sales expansion in AMAT.

2013 compared with 2012

The increase in Diversey Care's Adjusted EBITDA was primarily due to the impact of cost synergies associated with IOP of $34 million, and favorable product/price mix and manufacturing efficiency improvements of $20 million. These factors were partially offset by non-material supply chain inflation costs, and higher performance based annual incentive compensation of $7 million.

Product Care

2014 compared with 2013

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $2 million. On a constant dollar basis, Adjusted EBITDA increased $28 million, or 11%, in 2014 compared with the same period in 2013 primarily due to the impact of:

- impact of favorable product/price mix and manufacturing efficiency improvements of $37 million;
- cost synergies of $17 million primarily due to EQIP restructuring program.

These favorable drivers were partially offset by:

an increase in SG&A and other expense of $24 million, primarily due to compensation and benefits expense of $7 million, including the impact of annual salary increases, and inflation and higher annual cash incentive compensation expense of $12 million, and increase in research and development, sales and marketing expenses and other SG&A expenses to support the sales expansion in developing regions.

2013 compared with 2012

The decline in Product Care's Adjusted EBITDA was primarily due to unfavorable impact of non-material supply chain inflation costs, higher selling, general and administrative expenses and higher performance based annual incentive compensation of $7 million. These factors were partially offset by incremental cost synergies associated with IOP of $19 million and the impact of higher volumes of $16 million.

Other

2014 compared with 2013

This category's Adjusted EBITDA loss increased $12 million in 2014 as compared with 2013, primarily due to higher information systems expense of $8 million in Corporate related to our ERP software implementations and upgrades in 2014. Additionally, lower volumes in our Medical Applications and New Venture business had an unfavorable impact of $7 million.

2013 compared with 2012

The increase in Other Adjusted EBITDA was primarily due to the favorable impact of positive price/mix and lower research and development costs as a result of the decision we made to abandon future development work on a project included in our new ventures business.

Reconciliation of Non-U.S. GAAP Total Company Adjusted EBITDA to U.S. GAAP Net Earnings (Loss) from Continuing Operations

The following table shows a reconciliation of Non-U.S. GAAP Total Company Adjusted EBITDA to U.S. GAAP net earnings from continuing operations:

	Year Ended December 31,		
(In millions)	2014	2013[1]	2012[1]
Non-U.S. GAAP Total Company Adjusted EBITDA	$1,118.3	$1,040.5	$978.9
Depreciation and amortization [2]	(320.8)	(307.5)	(317.1)
Special items:			
Write down of non-strategic assets included in depreciation and amortization	2.1	5.3	0.8
Restructuring and other charges[3]	(65.7)	(73.8)	(142.5)
Other restructuring associated costs included in cost of sales and selling general and administrative expenses	(34.2)	(32.0)	(38.9)
Development grant matter included in selling, general and administrative expenses	(14.0)	—	—
Termination of licensing agreement	(5.3)	—	—
Relocation costs included in selling, general and administrative expenses	(2.4)	—	—
SARs	(8.1)	(38.1)	(18.4)
Integration related costs	(4.1)	(1.1)	(7.4)
Impairment of goodwill and other intangible assets	—	—	(1,892.3)
Impairment of equity method investment including related bad debt write-down of $2.3 million in 2012	(5.7)	(2.1)	(25.8)
Foreign currency exchange losses related to Venezuelan subsidiaries	(20.4)	(13.1)	(0.4)
Loss on debt redemption and refinancing activities	(102.5)	(36.3)	(36.9)
Gain from Claims Settlement in 2014 and related costs	20.3	(1.0)	(0.7)
Non-operating charge for contingent guarantee included in other income (expense), net	(2.5)	—	—
Other income (expense), net	(0.1)	0.4	1.0
Interest expense	(287.7)	(361.0)	(384.7)
Income tax provision (benefit)	9.1	84.9	(265.4)
U.S. GAAP net earnings (loss) from continuing operations	$258.1	$95.3	$(1,619.0)

(1) During the fourth quarter of 2014, we changed the method of valuing our inventories that used LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 2, “Summary of Significant Accounting Policies – Inventories” for additional details regarding this accounting policy

change.

(2) Depreciation and amortization by segment, including share-based incentive compensation, is as follows:

	Year Ended December 31,		
(In millions)	2014	2013	2012
Food Care	$121.3	$118.4	$140.0
Diversey Care	126.3	132.3	127.6
Product Care	41.4	38.2	37.9
Total reportable segments	289.0	288.9	305.5
Other	31.8	18.6	11.6
Total Company depreciation and amortization	$320.8	$307.5	$317.1

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

(In millions)	Year Ended December 31, 2014	2013	2012
Food Care	$27.3	$25.1	$72.0
Diversey Care	24.3	32.2	53.1
Product Care	13.6	16.4	16.7
Total reportable segments	65.2	73.7	141.8
Other	0.5	0.1	0.7
Total Company restructuring and other charges	$65.7	$73.8	$142.5

The restructuring and other charges in 2014 and 2013 primarily relate to our previously announced Earnings Quality Improvement Program (EQIP). The restructuring and other charges in 2012 primarily relate to the Integration and Optimization Program (IOP). See Note 9, "Restructuring and Relocation Activities," for further discussion.

Interest Expense

Interest expense includes the stated interest rate on our outstanding debt, as well as the net impact of capitalized interest, the effects of interest rate swaps and the amortization of capitalized senior debt issuance costs and credit facility fees, bond discounts, and terminated treasury locks.

Interest expense for the three years ended December 31, 2014 was as follows:

(In millions)	Year Ended December 31, 2014	2013	2012	2014 vs. 2013 Change	2013 vs. 2012 Change
Interest expense on the amount payable for the Settlement agreement(1)	$4.6	$48.2	$45.7	$ (43.6)	$ 2.5
Interest expense on our various debt instruments:					
5.625% Senior Notes due July 2013 (2)	—	—	19.2	—	(19.2)
12% Senior Notes due February 2014(3)	2.1	14.9	15.2	(12.8)	(0.3)
Term Loan A due July, 2017(4)(6)	2.1	—	—	2.1	—
Term Loan A due July 2019 (October 2016 prior to refinance)(4)(6)	26.9	30.4	35.8	(3.5)	(5.4)
Term Loan B due October 2018 (4)(6)	14.6	37.1	64.0	(22.5)	(26.9)
Revolving credit facility due July 2019 (October 2016 prior to refinance)(4)(6)	8.4	4.2	4.1	4.2	0.1
7.875% Senior Notes due June 2017(5)	—	7.6	33.3	(7.6)	(25.7)
8.125% Senior Notes due September 2019(7)	57.3	62.4	62.3	(5.1)	0.1
6.50% Senior Notes due December 2020	26.7	28.3	2.5	(1.6)	25.8
8.375% Senior Notes due September 2021	64.1	63.9	63.8	0.2	0.1
4.875% Senior Notes due December 2022(7)	2.2	—	—	2.2	—
5.25% Senior Notes due April 2023(5)	23.0	17.8	—	5.2	17.8
5.125% Senior Notes due December 2024(7)	2.3	—	—	2.3	—

6.875% Senior Notes due July 2033	30.9	30.9	30.9	—	—
Other interest expense	28.7	20.2	13.4	8.5	6.8
Less: capitalized interest	(6.2)	(4.9)	(5.5)	(1.3)	0.6
Total	$287.7	$361.0	$384.7	$ (73.3)	$ (23.7)

(1) The decline in interest expense in 2014 as compared with 2013 was due to the funding of the cash payment for the Settlement agreement on February 3, 2014. See Note 17, "Commitments and Contingencies" for further details.

(2) In November 2012, we issued $425 million of 6.50% Senior Notes due 2020. Substantially all of the proceeds from this offering were used to purchase the outstanding amount ($400 million) of the 5.625% Senior Notes due July 2013.

(3) We repaid the notes upon maturity on February 14, 2014.

(4) In connection with the acquisition of Diversey on October 3, 2011, we entered into a senior credit facility consisting of: (i) a $1.1 billion multicurrency Term Loan A Facility, (ii) a $1.2 billion multicurrency Term Loan B Facility and (iii) a $700 million revolving credit facility. We also issued $750 million of 8.125% Senior Notes and $750 million of 8.375% Senior Notes.

(5) In March 2013, we issued $425 million of 5.25% Senior Notes due 2023. Substantially all of the proceeds from this offering were used to purchase the outstanding amount ($400 million) of the 7.875% Senior Notes due July 2017. See Note 11, "Debt and Credit Facilities," and "Loss on Debt Redemption" below for further details.

(6) On July 25, 2014 the Company entered into a second restatement agreement, see Note 11, "Debt and Credit Facilities" for further information.

(7) In November 2014, we issued $425 million of 4.875% Senior Notes and $425 million of 5.125% notes and used substantially all of the proceeds to retire the 8.125% Senior Notes due September 2019. See Note 11, "Debt and Credit Facilities" for further information.

Loss on Debt Redemption

2014

In the fourth quarter 2014, we issued $425 million of 4.875% Senior Notes due December 1, 2022 and $425 million of 5.125% Senior Notes due December 1, 2024. The proceeds from these notes were used to repurchase the company's $750 million 8.125% Senior Notes due September 2019. The aggregate repurchase price was $837 million, which included the principal amount of $750 million, a premium of $75 million and accrued interest of $13 million. We recognized a total pre-tax loss of $84 million on the repurchase, which included the premiums mentioned above. Also included in the loss on debt redemption was $9 million of accelerated amortization of original non-lender fees related to the 8.125% Senior Notes due September 2019.

On July 25, 2014, we entered into a second restatement agreement (the "Second Restatement Agreement") whereby our senior secured credit facility was amended and restated (the "Second Amended and Restated Credit Agreement") with Bank of America, N.A., as agent, and the other financial institutions party thereto. On August 29, 2014, we completed the $100 million delayed draw of the Term Loan A facility. In connection with this loan, we also entered into interest rate and currency swaps in a notional amount of $100 million, which convert our floating U.S. dollar denominated obligation under the Term Loan A into a fixed rate Brazilian real denominated obligation. As a result of the Second Restatement Agreement, we recognized $18 million of loss on debt redemption in our consolidated statements of operations. This amount includes $13 million of accelerated amortization of original issuance discount related to the Term Loan B and lender and non-lender fees related to the entire credit facility. Also included in the loss on debt redemption was $5 million of non-lender fees incurred in connection with the Second Restatement Agreement. In addition, we incurred $2 million of lender fees that are included in the carrying amounts of the outstanding debt under the credit facility. We also capitalized $5 million of non-lender fees that are included in other assets on our consolidated balance sheet.

2013

In November 2013, we amended our senior secured credit facility (the "Amended Credit Facility"). The amendment refinanced the Term Loan B facilities with a $525 million Term Loan B dollar tranche and a €128 million Term Loan B euro tranche. In connection therewith, among other things, (i) the interest margin on each tranche was decreased by 0.75%, and (ii) the minimum Eurocurrency rate under the Term Loan B facilities was reduced from 1.00% to 0.75%. We prepaid $101 million and refinanced the remaining principal amount of $697 million of the euro and U.S. dollar denominated portions of the original Term Loan B at 100% of their face value. We recognized a $4 million pre-tax loss on debt redemption included in our results of operations for 2013, consisting of accelerated unamortized original issuance discount, unamortized fees, and fees associated with the transaction.

In March 2013, we issued $425 million of 5.25% Senior Notes and used substantially all of the proceeds to retire the 7.875% Senior Notes due June 2017. We repurchased the 7.875% Senior Notes at fair value. The aggregate repurchase price was $431 million, which included the principal amount of $400 million, a 6% premium of $23 million and accrued interest of $8 million. We recognized a total net pre-tax loss of $32 million, which included the premiums mentioned above.

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2012

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

In November 2012, we amended and refinanced our senior secured credit facility to (a) reduce Term Loan B interest rates, (b) gain additional flexibility on the financial covenant, and (c) amend certain other terms. As a result, we recognized a non-cash pre-tax loss of $16 million for the accelerated unamortized original issuance discount of $9 million and the unamortized capitalized lender fees for $7 million. We also recorded new original issuance discount and non-lender fees for a total of $2 million, which are included in the carrying amount of the debt instruments. In addition, we recorded a non-cash pre-tax loss of $7 million of non-lender fees related to the transactions mentioned above.

See Note 11, “Debt and Credit Facilities” for details of our debt transactions.

Impairment of Equity Method Investments

2014

In 2014, we recognized an impairment of $6 million in connection with an equity method investment. This investment was not material to our consolidated financial position or results of operations.

2013

In 2013, we recognized an impairment of $2 million in connection with an equity method investment. This investment was not material to our consolidated financial position or results of operations.

2012

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

During the first half of 2012, the joint venture performed below expectations, resulting in reduced cash flow and increasing debt obligations. Due to these events, we evaluated our equity method investment for impairment. During the three months ended June 30, 2012, based on reviewing undiscounted cash flow information, we determined that the fair value of our investment was less than its carrying value and that this impairment was other-than-temporary. As a result, we recorded a $4 million write-down of the carrying value of the investment to zero at June 30, 2012.

In connection with the establishment of the joint venture in 2007, we issued a guarantee in support of an uncommitted credit facility agreement that was entered into by the joint venture. Under the terms of the guarantee, if the joint venture were to default under the terms of the credit facility, the lender would be entitled to seek payment of the amounts due under the credit facility from us. As a result of the impairment, we believed it was probable we would need to perform under this guarantee and recorded a $20 million current liability in the second quarter of 2012, included in impairment of equity method investment on the consolidated statement of operations. The guarantee liability is reflected in other current liabilities on the consolidated balance sheets as of December 31, 2014 and 2013 as we continue to believe it is probable that we will need to perform under this guarantee. As of December 31, 2014, the joint venture has performed its obligations under the terms of the credit facility and the lender has not requested that we perform under the terms of the guarantee.

Total charges recorded in the second quarter of 2012, were $26 million ($18 million, net of taxes, or $0.09 per diluted share), which included the guarantee of the uncommitted credit facility mentioned above of $20 million and the $4 million write-down of the carrying value of the investment to zero at June 30, 2012. We also recorded provisions for bad debt on receivables due from the joint venture to the Company of $2 million, which is included in selling, general and administrative expenses. We have no additional obligations to support the operations of the joint venture in the future.

The impairment and related provision for bad debt on receivables are considered special items and excluded from our Adjusted EBITDA results.

Foreign Currency Exchange (Losses) Gains Related to Venezuelan Subsidiaries

Effective January 1, 2010, Venezuela was designated a highly inflationary economy. The foreign currency exchange gains and losses we recorded in 2014, 2013 and 2012 for our Venezuelan subsidiary were the result of two factors: 1) the significant changes in the exchange rates used to settle bolivar-denominated transactions and 2) the significant changes in the exchange rates used to remeasure our Venezuelan subsidiary's financial statements at the balance sheet date. We believe these gains and losses are attributable to the unstable foreign currency environment in Venezuela. See "Venezuela" in "Foreign Exchange Rates" of Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," for further discussion on Venezuela.

Gain from Claims Settlement

On February 3, 2014, we entered into the Settlement agreement. Under the Settlement agreement, we released and waived certain claims against the Grace Parties and the Grace Parties released and waived certain claims against us. As a result, we recognized a gain of $21 million in 2014, which consisted of the release of $17 million of certain tax liabilities and $4 million of other associated liabilities.   See Note 17 "Commitments and Contingencies – Settlement Agreement and Related Costs" for more details on the Settlement agreement.

Other Expense, Net

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

Income Taxes

The table below shows our effective income tax rate from continuing operations ("ETR"), as retrospectively changed to account for our change from LIFO to FIFO (see Note 2). See Note 2, "Summary of Significant Accounting Policies – Inventories" for additional details regarding this accounting policy change.

	Year Ended	
2014	3.4	%
2013	47.1	%
2012	14.1	%

Our effective income tax rate from continuing operations was 3.4% for 2014. The primary reasons for our reduced tax rate were the following items:

- Earnings in jurisdictions with low tax rates and losses in jurisdictions, such as the U.S., with high tax rates (13.2 percentage points)
- Release of reserves due to favorable settlements, judicial verdicts and expiration of statute of limitations (8.7 percentage points)
- Release of valuation allowances (5 percentage points)
- Reduction in estimated cost with respect to undistributed foreign earnings (1.9 percentage points)

Our effective income tax rate from continuing operations was 47.1% for 2013, primarily due to our increase of approximately $50 million as a result of not funding the Settlement agreement before the end of 2013. The delay in funding required us to increase our valuation allowance for the deferred tax asset related to the Settlement agreement. Excluding that increase, our tax rate would have been approximately 19%. Our tax rate for the year benefited from earnings in jurisdictions with low tax rates and losses in jurisdictions, such as the U.S., with high tax rates, as well as various reorganizations and a retroactive reinstatement of certain tax provisions that were recorded as discrete items in 2013. On January 2, 2013, the President signed the American Taxpayer Relief Act of 2012, retroactively reinstating and extending the research and development tax credit and certain foreign tax provisions from January 1, 2012 through December 31, 2013.

We expect a Core Tax Rate of approximately 25% in 2015.

Our effective income tax rate also depends on the realization of our deferred tax assets, net of our valuation allowances. Our deferred tax assets include U.S. and foreign net operating loss carry forwards and investment tax allowances, foreign tax credits, accruals not yet deductible for tax purposes, employee benefit items, and other items.

We have established valuation allowances to reduce our deferred tax assets to an amount that is more likely than not to be realized. Our ability to utilize our deferred tax assets depends in part upon our ability to generate future taxable income during the periods in which these temporary differences reverse or our ability to carry back any losses created by the deduction of these temporary differences. We expect to realize these assets over an extended period. If we are unable to generate sufficient future taxable income in the U.S. and certain foreign jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. Conversely, if we have sufficient future taxable income in jurisdictions where we have valuation allowances, we may be able to reverse those valuation allowances.

Our largest deferred tax asset is comprised of net operating loss carry forwards. In 2014, we funded the Settlement agreement and are carrying forward a portion of the amount we contributed to the trusts. We have additional net operating losses in various foreign jurisdictions. See Note 16, "Income Taxes," for a reconciliation of the U.S. federal statutory rate to our effective tax rate, which also shows the major components of the year over year changes and other tax information.

Liquidity and Capital Resources

Principal Sources of Liquidity

Our primary sources of cash are the collection of trade receivables generated from the sales of our products and services to our customers and amounts available under our existing lines of credit, including our Amended Credit Facility, and our accounts receivable securitization programs. Our primary uses of cash are payments for operating expenses, investments in working capital, capital expenditures, interest, taxes, dividends, debt obligations, restructuring expenses and other long-term liabilities. We believe that our current liquidity position and future cash flows from operations will enable us to fund our operations, including all of the items mentioned above in the next twelve months.

On February 3, 2014, we funded the $930 million Settlement agreement and accrued interest liability using cash on hand and committed liquidity. To fund the cash payment, we used $555 million of cash and cash equivalents and utilized borrowings of $260 million from our revolving credit facility and $115 million from our accounts receivable securitization programs. Also, on February 14, 2014, we repaid our 12% Senior Notes on their maturity date with available cash on hand and committed liquidity. See Note 11, "Debt and Credit Facilities," for further details.

As of December 31, 2014, we had cash and cash equivalents of $323 million, of which approximately $312 million, or 97%, was located outside of the U.S. As of December 31, 2014, there were certain foreign government regulations restricting transfers on less than $40 million of the cash located outside of the U.S. As of December 31, 2014, our U.S. cash balances and committed liquidity facilities available to U.S. borrowers were sufficient to fund our U.S. operating requirements and capital expenditures, current debt obligations and dividends. The Company does not expect that in the near term cash located outside of the U.S. will be needed to satisfy its obligations, dividends and other demands for cash in its U.S. operations. In connection with the funding of the Settlement agreement in 2014, we repatriated cash from our international operations and incurred minimal cash taxes and no significant tax expense.

Material Commitments and Contingencies

Settlement Agreement and Related Costs

We recorded a pre-tax charge of $850 million in 2002, of which $513 million represented a cash payment that was due upon the effectiveness of a plan of reorganization in the bankruptcy of W. R. Grace & Co.

On February 3, 2014, upon Grace's emergence from bankruptcy pursuant to a plan of reorganization, the Settlement agreement was implemented and our subsidiary, Cryovac, Inc., made the payments contemplated by the Settlement agreement, consisting of aggregate cash payments in the amount of $930 million to the PI Trust and the PD Trust and the transfer of 18 million shares of Sealed Air common stock (the "Settlement Shares") to the PI Trust, in each case reflecting adjustments made in accordance with the Settlement agreement.

On February 3, 2014, we funded the cash portion of the settlement payment by using $555 million of accumulated cash and cash equivalents and utilized borrowings of $260 million from our revolving credit facility and $115 million from our accounts receivable securitization programs. See "Principal Sources of Liquidity" below. The cash payment of $513 million accrued interest at a 5.5% annual rate, which was compounded annually, from December 21, 2002 to the February 3, 2014 date of payment. This accrued interest was $413 million at December 31, 2013 and is recorded in Settlement agreement and related accrued interest on our consolidated balance sheet. The total liability on our consolidated balance sheet was $925 million at December 31, 2013. In addition, the Settlement agreement provided for the issuance of the 18 million Settlement Shares. Since the impact of issuing the Settlement Shares was dilutive to our EPS, under U.S. GAAP, they were included in our diluted weighted average number of common shares outstanding in our calculation of EPS to the extent that the impact of including these shares were dilutive. See Note 21, "Net Earnings (Loss) Per Common Share," for details of our calculation of EPS.

We are deducting the payment mentioned above in our 2014 consolidated U.S. income tax return. As a result, we have a net operating loss for U.S. tax purposes in 2014 and are carrying back, for 10 years, more than $1 billion of the loss. Tax benefits resulting from the Settlement agreement were recorded as a $247 million income tax receivable (including $38 million of additional paid in capital related to shares of Common Stock issued pursuant to the Settlement agreement) and net deferred tax assets of $144 million for U.S. federal net operating losses and $31 million for state net operating loss carry forwards. The increase to additional paid-in capital on our consolidated balance sheet had no impact to our consolidated statements of operations.

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

In the fourth quarter of 2013, we recorded an increase to the valuation allowance on our net deferred tax asset related to the Settlement agreement, which resulted in an increase of approximately $50 million to our income tax provision (approximately $0.23 per diluted share).

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 "Settlement Agreement and Related Costs" is incorporated herein by reference.

Cryovac Transaction Commitments and Contingencies

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

Contractual Obligations

The following table summarizes our principal contractual obligations and sets forth the amounts of required or contingently required cash outlays in 2014 and future years:

	Payments Due by Years				
(In millions)	Total	2015	2016-2017	2018-2019	Thereafter
Contractual Obligations					
Short-term borrowings	$130.4	$130.4	$ —	$ —	$ —

Current portion of long-term debt exclusive of debt discounts and lender fees	1.1	1.1	—	—	—
Long-term debt, exclusive of debt discounts and lender fees	4,294.6	—	369.8	1,023.3	2,901.5
Total debt[(1)]	4,426.1	131.5	369.8	1,023.3	2,901.5
Interest payments due on long-term debt[(2)]	1,853.7	220.6	434.1	407.4	791.6
Operating leases	167.0	57.6	67.3	25.4	16.7
First quarter 2015 quarterly cash dividend declared	27.3	27.3	—	—	—
Other principal contractual obligations	353.7	139.1	146.9	60.0	7.7
Total contractual cash obligations	$6,827.8	$576.1	$ 1,018.1	$ 1,516.1	$ 3,717.5

(1) These amounts include principal maturities (at face value) only. These amounts also include our contractual obligations under capital leases of $1 million in 2015, $1 million in 2016-2017 and less than $1 million in 2018-2019.

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

- interest rates based on stated rates based on LIBOR as of December 31, 2014;
- all non-U.S. dollar balances are converted using exchange rates as of December 31, 2014; and
- obligations are repaid when due.

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

Operating Leases — The contractual operating lease obligations listed in the table above represent estimated future minimum annual rental commitments primarily under non-cancelable real and personal property leases as of December 31, 2014.

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

Liability for Unrecognized Tax Benefits

At December 31, 2014, we had liabilities for unrecognized tax benefits and related interest and penalties of $217 million, most of which is included in other liabilities and the remaining balance is included as a reduction to deferred tax assets on our consolidated balance sheet. At December 31, 2014, we cannot reasonably estimate the future period or periods of cash settlement of these liabilities. See Note 16, “Income Taxes,” for further discussion.

Off-Balance Sheet Arrangements

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

Income Tax Payments

We currently expect to pay between $100 million and $120 million of income taxes in 2015.

Contributions to Defined Benefit Pension Plans

We maintain defined benefit pension plans for some of our U.S. and our non-U.S. employees. We currently expect our contributions to these plans to be approximately $23 million in 2015.

Environmental Matters

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

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

(In millions)	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 322.6	$ 992.4

See “Analysis of Historical Cash Flows” below.

Accounts Receivable Securitization Programs

At December 31, 2014, we had $192 million available to us under the programs of which we had $36 million outstanding at December 31, 2014. We did not utilize these programs in 2013 and 2012. See Note 8, “Accounts Receivable Securitization Programs,” for information concerning these programs.

Lines of Credit

We have a $700 million revolving credit facility. In 2014, we utilized borrowings under this facility and had $23 million outstanding at December 31, 2014. There were no amounts outstanding under the revolving credit facility at December 31, 2013. In July 2014, we amended and restated our senior secured credit facilities, including the revolving credit facility. See Note 11, “Debt and Credit Facilities,” for further details.

There was $71 million and $82 million outstanding under various lines of credit extended to our international subsidiaries at December 31, 2014 and December 31, 2013, respectively. See Note 11, “Debt and Credit Facilities,” for further details.

Covenants

At December 31, 2014 and 2013, we were in compliance with our financial covenants and limitations, as discussed in “Covenants” of Note 11, “Debt and Credit Facilities.”

Debt Ratings

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

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

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

Outstanding Indebtedness

At December 31, 2014 and 2013, our total debt outstanding consisted of the amounts set forth in the following table.

	December 31,	
(In millions)	2014	2013
Short-term borrowings	$130.4	$81.6
Current portion of long-term debt	1.1	201.5
Total current debt	131.5	283.1
Total long-term debt, less current portion	4,282.5	4,116.4
Total debt	$4,414.0	$4,399.5

See Note 11, "Debt and Credit Facilities," for further details.

Analysis of Historical Cash Flow

The following table shows the changes in our consolidated cash flows from continuing operations in the three years ended December 31, 2014.

	Year Ended December 31,		
(In millions)	2014	2013	2012
Net cash (used in) provided by operating activities from continuing operations	$(201.9)	$624.8	$394.2
Net cash (used in) investing activities from continuing operations	(141.5)	(105.5)	(114.9)
Net cash (used in) financing activities from continuing operations	(304.1)	(319.8)	(585.1)

Net Cash (Used in) Provided by Operating Activities

2014

Net cash used in operating activities from continuing operations of $202 million in 2014 was primarily attributable to:

$930 million used to fund the cash portion of the Settlement agreement; and
$38 million of excess tax benefit related to the 18 million shares of our common stock issued pursuant to the Settlement agreement.
$119 million of changes in operating assets and liabilities, primarily reflecting an increase in income tax receivables related to the Settlement agreement, as well as an increase in inventories, partially offset by an increase in accounts payable. This activity reflects the timing of inventory purchases and the related payments of cash along with the timing of certain annual incentive compensation payments and interest payments and the seasonality of sales and collections.

Partially offset by:

net earnings adjusted to reconcile to net cash provided by operating activities of $847 million, including adjustments for depreciation and amortization of $321 million, profit sharing expense of $37 million, and loss on debt redemption and refinancing activities of $103 million, partially offset by gain on Settlement agreement $(21) million;

2013

Net cash provided by operating activities from continuing operations in 2013 of $625 million was primarily attributable to

- net earnings adjusted to reconcile to net cash provided by operating activities of $514 million, which primarily included adjustments for depreciation and amortization, share-based incentive compensation expenses, profit sharing expense and loss on debt redemption; and
- net changes in operating assets and liabilities resulted in net cash provided by operating activities of $111 million in 2013, primarily in trade receivables, net, inventories and accounts payable. In 2013, we reduced our day sales outstanding by three days, reduced our inventory days on hand by four days, and increased our days payables outstanding by two days.

2012

Net cash provided by continuing operating activities in 2012 of $394 million was primarily attributable to:

- net earnings adjusted to reconcile to net cash provided by operating activities of $405 million, which primarily included adjustments for depreciation and amortization, impairment of goodwill and other intangible assets, share-based incentive compensation expenses, profit sharing expenses impairment of equity method investment and deferred taxes. In 2012, our adjustments to reconcile net earnings (loss) to net cash provided by operating activities from continuing operations included a $319 million change in net deferred taxes. This amount primarily related to the impact of the deferred taxes recorded in connection with the non-cash impairment of other intangible assets, which is included in adjustments to reconcile net earnings (loss) to net cash provided by operating activities from continuing operations to offset the impact of the non-cash tax benefit that is included in net (loss) earnings available to common stockholders from continuing operations; and
- net cash provided by changes in operating assets and liabilities resulted in a net cash use of $11 million in 2012.

Net Cash Used in Investing Activities

2014

Net cash used in investing activities from continuing operations in 2014 of $142 million primarily consisted of capital expenditures of $154 million related to capacity expansions to support growth in net sales. Capital expenditures related to our restructuring programs was $29 million in 2014.

2013

Net cash used in investing activities from continuing operations in 2013 of $106 million primarily consisted of capital expenditures of $116 million, related to capacity expansions to support growth in net sales. Capital expenditure related to our restructuring programs was $25 million in 2013.

2012

In 2012, we used net cash of $115 million in investing activities, which was primarily due to capital expenditures of $123 million.

We expect to continue to invest capital as we deem appropriate to expand our business, to maintain or replace depreciating property, plant and equipment, to acquire new manufacturing technology and to improve productivity and net sales growth. We expect total capital expenditures in 2015 to be approximately $180 million, which include capital expenditures for restructuring programs. This projection is based upon our capital expenditure budget for 2015, the status of approved but not yet completed capital projects, anticipated future projects and historic spending trends.

Net Cash Used in Financing Activities

2014

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

repayment of $750 million of our 8.125% Senior Notes, and $75 million of premium;
repayment of $695 million of Term Loan B;
repurchase of common stock of $184 million;
repayment of $150 million of our 12% Senior Notes;
payments of quarterly dividends of $111 million;
repayments of $50 million of Term Loan A; and

debt issuance cost of $24 million.

These factors were partially offset by:

- net proceeds from Term Loan A of $787 million as part of the amendment and restatement of the senior secured credit facilities;
- proceeds from issuance of $425 million of 4.875% Senior Notes and $425 million of 5.125% Senior Notes;
- an excess tax benefit of $38 million related to the 18 million shares of Common Stock issued pursuant to the Settlement agreement;
- net proceeds from borrowings under our accounts receivable securitization programs of $36 million; and
- net proceeds from borrowing under our revolving credit facility of $23 million.

2013

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

- repurchase of $400 million on 7.875% Senior Notes due June 2017 for $431 million;
- prepayments of $152 million on Term Loan A;
- prepayments of $104 million on Term Loan B; and
- payments of $102 million of quarterly dividends.

These factors were partially offset by issuance of $425 million of 5.25% Senior Notes due April 2023 and short term borrowings of $53 million.

2012

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

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

partially offset by:

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

Free Cash Flow

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of the strength and ability of our operations to generate cash. We define free cash flow as cash provided by operating activities less capital expenditures (which is classified as an investing activity). Free cash flow is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for net income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure. We typically generate the majority of our annual free cash flow in the second half of the year. Below find details of free cash flow for three years ended December 31.

	Year Ended December 31,			2014 vs. 2013	2013 vs. 2012
(In millions)	2014	2013	2012	Change	Change
Cash flow (used in) provided by operating activities -continuing operations	$(201.9)	$624.8	$394.2	$ (826.7)	$ 230.6

Capital expenditures	(153.9)	(116.0)	(122.8)	(37.9)	6.8
Free cash flow[1]	$(355.8)	$508.8	$271.4	$ (864.6)	$ 237.4

[1] Free cash flow was $612 million in 2014 excluding the payment of the Settlement agreement of $930 million and excess tax benefit of $38 million related to shares of Common Stock issued pursuant to the terms of the Settlement agreement.

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Changes in Working Capital

(In millions)	December 31, 2014	December 31, 2013	Change
Working capital (current assets less current liabilities)	$ 960.7	$ 758.7	$ 202.0
Current ratio (current assets divided by current liabilities)	1.6 x	1.3 x	
Quick ratio (current assets, less inventories divided by current liabilities)	1.2 x	1.0 x	

The $202 million, or 27%, increase in working capital in the year ended December 31, 2014 was primarily due to cash flow from operations, $38 million of excess tax benefit related to the 18 million shares of our common stock issued pursuant to the Settlement agreement, and reclassification of $27 million from property, plant and equipment to assets held for sale, which primarily related to agreement for purchase and sale relating to our building located in Racine, Wisconsin. See Note 9, "Restructuring and Relocation Activities" for further details.

Changes in Stockholders' Equity

The $254 million, or 18%, decrease in stockholders' equity in 2014 compared with 2013 was primarily due to:

- cumulative translation adjustment of $248 million;
- a net increase in treasury stock of $154 million primarily due to the repurchase of common stock into treasury stock of $184 million, partially offset by the transfer of common stock from treasury stock of $33 million related to our 2013 profit sharing plan contribution made in the first quarter of 2014; and
- dividends paid and accrued on our common stock of $112 million; and
- increase of $90 million of unrecognized pension items, primarily related to a reduction in the discount rate used to value our pension liabilities. See Note 14, "Profit Sharing Retirement Savings Plans and Defined Benefit Pension Plans" for additional information on our pension plans.

partially offset by:

- net earnings of $258 million;
- increase of $54 million in additional paid in capital due to share-based incentive compensation; and
- $38 million of excess tax benefit related to shares of our common stock issued pursuant to the Settlement agreement.

In the fourth quarter of 2014, we recorded an excess tax benefit of $38 million related to the Settlement agreement resulting from an increase in the price of the Company's common stock related to the 18 million shares reserved for issuance pursuant to the Settlement agreement in 2002, until its settlement on February 3, 2014. The tax benefit was recorded to additional paid-in capital on our consolidated balance sheet and did not impact net earnings.

The Company repurchased approximately 5.4 million shares of its common stock in 2014 for $184 million at an average price of $34 per share. This includes approximately 1.5 million shares purchased under 10b5-1 share trading plans for $54 million at an average price of $36 per share and approximately 3.9 million shares for $130 million at an average price of $33 per share purchased from the WRG Asbestos PI Trust in the second quarter 2014.

Derivative Financial Instruments

Interest Rate Swaps

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

Interest Rate and Currency Swaps

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

Foreign Currency Forward Contracts

At December 31, 2014, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

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

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

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

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

Critical Accounting Policies and Estimates

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

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

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

Accounts Receivable and Allowance for Doubtful Accounts

In the normal course of business, we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an accounts receivable allowance for estimated losses resulting from the likelihood of failure of our customers to make required payments. An additional allowance may be required if the financial condition of our customers deteriorates. The allowance for doubtful accounts is maintained at a level that management assesses to be appropriate to absorb estimated losses in the accounts receivable portfolio. The allowance for doubtful accounts is reviewed at a minimum quarterly, and changes to the allowance are made through the provision for bad debts, which is included in selling, general and administrative expenses on our consolidated statements of operations. These changes may reflect changes in economic, business and market conditions. The allowance is increased by the provision for bad debts and decreased by the amount of charge-offs, net of recoveries.

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

Fair Value Measurements of Financial Instruments

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

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Our fair value measurements for our financial instruments are subjective and involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect our estimates. See Note 13, “Fair Value Measurements and Other Financial Instruments,” for further details on our fair value measurements.

Commitments and Contingencies — Litigation

On an ongoing basis, we assess the potential liabilities and costs related to any lawsuits or claims brought against us. We accrue a liability when we believe a loss is probable and when the amount of loss can be reasonably estimated. Litigation proceedings are evaluated on a case-by-case basis considering the available information, including that received from internal and outside legal counsel, to assess potential outcomes. While it is typically very difficult to determine the timing and ultimate outcome of these actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of these matters and whether a reasonable estimation of the probable loss, if any, can be made. In assessing probable losses, we consider insurance recoveries, if any. We expense legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred. We have in the past adjusted existing accruals as proceedings have continued, been settled or otherwise provided further information on which we could review the likelihood of outflows of resources and their measurability, and we expect to do so in future periods. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that disputed matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.

Impairment of Long-Lived Assets

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

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

Goodwill

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

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

While we are permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test, for our annual goodwill impairment test in the fourth quarter of 2014 and in 2013, we performed a quantitative test for all of our reporting units.

The goodwill impairment test involves a two-step process. In step one, we compare the fair value of each of our reporting units with goodwill to its carrying value, including the goodwill allocated to the reporting unit. If the fair value of the reporting unit exceeds its carrying value, there is no indication of impairment and no further testing is required. If the fair value of the reporting unit is less than the carrying value, we must perform step two of the impairment test to measure the amount of impairment loss, if any. In step two, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit were being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss.

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

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

Income Approach Used to Determine Fair Values

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

2014 Annual Goodwill Impairment Test

Critical assumptions that the Company used in performing the income approach for its reporting units included the following:

Applying a compounded annual growth rate for forecasted sales in our projected cash flows through 2017.

Reporting Unit	Compounded Annual

	Growth Rate	
Diversey Care	3.9	%
Food Care - Hygiene Solutions	6.0	%
Food Care - Packaging Solutions	4.1	%
Product Care	3.4	%
Medical Applications	16.3	%

Applying a terminal value growth rate of 3% for all of our reporting units to reflect our estimate of stable and perpetual growth.
Determining an appropriate discount rate to apply to our projected cash flow results. This discount rate reflects, among other things, certain risks due to the uncertainties of achieving the cash flow results and the growth rates assigned. The discount rates applied were as follows:

Reporting Unit	Discount Rate	
Diversey Care	9.8	%
Food Care - Hygiene Solutions	10.2	%
Food Care - Packaging Solutions	8.9	%
Product Care	9.4	%
Medical Applications	16.3	%

A weighting of the results of the income approach of 80% of our overall fair value calculation for each reporting unit. Changes in any of these assumptions could materially impact the estimated fair value of our reporting units. Our forecasts take into account the near and long-term expected business performance, considering the long-term market conditions and business trends within the reporting units. For further discussion of the factors that could result in a change in our assumptions, see "Risk Factors" in this Annual Report on Form 10-K and our other filings with the SEC.

Market Approaches Used to Determine Fair Values

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

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

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

In order to assess the reasonableness of the calculated fair values of our reporting units, we also compare the sum of the reporting units' fair values to our market capitalization and calculate an implied control premium (the excess of the sum of the reporting units' fair values over the market capitalization). We evaluate the control premium by comparing it to control premiums of recent comparable market transactions. If the implied control premium is not reasonable in light of these recent transactions, we will reevaluate our fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions.

For the fourth quarter 2012 interim goodwill impairment review and the 2013 and 2014 annual goodwill impairment review of the Diversey Care and Hygiene Solutions reporting units, we evaluated each of the above market approaches and determined that the Public Company and Quoted Price Methods provided the most reliable measures of fair value because they were deemed to be a reliable proxy for the Diversey Care and Hygiene Solutions reporting units. We applied a combined weighting of 20% to the two market approaches when determining the fair value of each of the reporting units. For the 2013 and 2014 annual goodwill impairment review of the Packaging Solutions, Product Care and Medical Applications reporting units, we also evaluated each of the above market approaches and determined that the Public Company, the Quoted Price and the Mergers and Acquisition Methods provided the most reliable measures of fair value because they were deemed to be a reliable proxy for these reporting units. We applied a combined weighting of 20% to the three market approaches when determining the fair value of these reporting units.

If our assumptions and related estimates change in the future, or if we change our reporting unit structure or other events and circumstances change (such as a sustained decrease in the price of our common stock, a decline in current market multiples, a significant adverse change in legal factors or business climates, an adverse action or assessment by a regulator, heightened competition, strategic decisions made in response to economic or competitive conditions or a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of), we may be required to record impairment charges in future periods. Any impairment charges that we may take in the future could be material to our consolidated results of operations and financial condition.

In order to evaluate the sensitivity of the estimated fair values of our reporting units in the goodwill impairment test, we applied a hypothetical 10% decrease to the fair values of each reporting unit. This hypothetical 10% decrease resulted in an excess of fair value over carrying amount ranging from approximately 30% to approximately 699% of the carrying amounts. We will continue to monitor goodwill on an annual basis and whenever events or changes in circumstances, such as significant adverse changes in business climate or operating results, changes in management's business strategy or significant declines in our stock price, indicate that there may be potential indicator of impairment.

See Note 7, "Goodwill and Identifiable Intangible Assets," for details of our goodwill balance and the goodwill review performed in 2014, 2013 and 2012 and other related information.

Pensions

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

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

In determining the discount rate, we utilize market conditions and other data sources management considers reasonable based upon the profile of the remaining service life of eligible employees. The expected long-term rate of return on plan assets is determined by taking into consideration the weighted-average expected return on our asset allocation, asset return data, historical return data, and the economic environment. We believe these considerations provide the basis for reasonable assumptions of the expected long-term rate of return on plan assets. The rate of compensation increase is based on our long-term plans for such increases. The measurement date used to determine the benefit obligation and plan assets is December 31 for all material plans (November 30 for non-material plans).

At December 31, 2014, the total projected benefit obligation for our U.S. pension plans was $221 million, and the total benefit income for the year ended December 31, 2014 was $1 million. At December 31, 2014, the total projected benefit obligation for our international pension plans was $1.1 billion, and the total benefit cost for the year ended December 31, 2014 was $17 million.

In general, material changes to the principal assumptions could have a material impact on the costs and liabilities recognized on our consolidated financial statements. A 25 basis point change in the assumed discount rate and a 100 basis point change in the expected long-term rate of return on plan assets would have resulted in the following increases (decreases) in the projected benefit obligation at December 31, 2014 and the expected net periodic benefit cost for the year ending December 31, 2015 (in millions).

United States	25 Basis Point Increase (in millions)	25 Basis Point Decrease (in millions)
Discount Rate		
Effect on 2014 projected benefit obligation	$ (5.8)	$ 6.1
Effect on 2015 expected net periodic benefit cost	—	—

	100 Basis Point Increase (in millions)	100 Basis Point Decrease (in millions)
Return on Assets		
Effect on 2015 expected net periodic benefit cost	$ (1.8)	$ 1.8

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International	25 Basis Point Increase (in millions)	25 Basis Point Decrease (in millions)
Discount Rate		
Effect on 2014 projected benefit obligation	$ (51.5)	$ 54.9
Effect on 2015 expected net periodic benefit cost	(2.0)	2.3

	100 Basis Point Increase (in millions)	100 Basis Point Decrease (in millions)
Return on Assets		
Effect on 2015 expected net periodic benefit cost	$ (8.6)	$ 8.6

Income Taxes

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

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

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

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. See Note 16, “Income Taxes,” for further discussion.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rates

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

At December 31, 2014, we had no outstanding interest rate swaps and no outstanding interest rate collars or options.

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

See Note 13, "Fair Value Measurements and Other Financial Instruments," for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical 10% increase in interest rates would result in a decrease of $113 million in the fair value of the total debt balance at December 31, 2014. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount or any related interest of such debt.

Foreign Exchange Rates

Operations

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

Venezuela

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

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

On February 8, 2013, the Venezuelan government announced a devaluation of the bolivar exchange rate from 4.3 bolivars to the U.S. dollar to 6.3 bolivars to the U.S. dollar. We used this official exchange rate of 6.3 bolivars to the U.S. dollar to re-measure the bolivar-denominated assets and liabilities of our Venezuelan subsidiaries for U.S. GAAP financial statement presentation as of December 31, 2013. As a result of the changes in the exchange rates, we recognized a pretax loss of $13 million in 2013 due to the remeasurement of our Venezuelan subsidiaries' financial statements and the impact due to the settlement of bolivar-denominated transactions.

On March 18, 2013, the Venezuelan government announced the creation of an alternative foreign currency mechanism called the Supplementary Foreign Currency Administration System, known as the SICAD. During December 2013, the Venezuelan government issued a new rule allowing the Central Bank to publish the average SICAD rate (previously it was prohibited by law to publish any rate different from the official exchange rate) which was 11.3 bolivars per U.S. dollar. As stated above, at December 31, 2013 we re-measured our Venezuelan subsidiaries financial statements using the official exchange rate of 6.3 bolivars to the U.S. dollar since we were not eligible to use the SICAD rate at that time.

In January 2014, the government expanded the use of SICAD and created a new agency called the National Center of Foreign Commerce or CENCOEX which replaced the Commission for the Administration of Foreign Exchange or "CADIVI."

In February 2014, the government opened a new exchange control mechanism called SICAD 2, which would allow for more exchanges of U.S. dollars and allow more companies the ability to obtain U.S. dollars, including for dividend remittances. This market began to operate on March 24, 2014.

Therefore, there were four legal mechanisms to exchange bolivars for U.S. dollars depending on each company's facts and circumstances:

CENCOEX at the official rate of 6.3;
CENCOEX at the latest published SICAD auction rate;
SICAD 1 auction process at the awarded exchange rate; and
SICAD 2 at the negotiated exchange rate.

During 2014, we evaluated which legal mechanisms were available to each Venezuelan subsidiary to access U.S. dollars and also estimated the excess cash position over the next 18 months. We concluded that as of December 31, 2014 the excess cash position for our Venezuelan subsidiaries would be remeasured at the SICAD 2 rate, which was 49.9883 at December 31, 2014, since that would be the only mechanism available to access U.S. dollars to be able to make a dividend payment. For the remaining bolivar-denominated cash balances and all other bolivar-denominated monetary assets and liabilities, we determined that since we still had access to and were receiving U.S. dollars via the CENCOEX official rate of 6.3 we continued to remeasure these items at that rate as of December 31, 2014. For any U.S. dollar denominated monetary asset or liability such amounts do not get remeasured at month-end since it is already an asset or liability denominated in U.S. dollars. However, such amounts were considered and included in the excess cash analysis and an evaluation of the applicable exchange mechanism such amounts could be obtained or settled at was considered. As a result of this evaluation, the Company reported a remeasurement loss of $20 million in 2014. We will continue to evaluate each reporting period the appropriate exchange rate to re-measure our financial statements based on the facts and circumstances at that time.

For the year ended December 31, 2014, about 1% of our consolidated net sales and operating income were derived from our businesses in Venezuela. As of December 31, 2014, we had net assets of $35 million in Venezuela, which primarily consisted of cash and cash equivalents of $20 million. Also, as of December 31, 2014, our Venezuelan subsidiaries had a negative cumulative translation adjustment balance of $46 million.

In February 2015, the Venezuelan government announced a new foreign exchange platform called the Marginal Currency System or Simadi. The Simadi will replace the SICAD 2 rate as noted above. When this market opened on February 12, 2015 the rate was 170.0390. The SICAD 1 auction process noted above will continue to hold periodic auctions for specific sectors of the economy. The opening rate is expected to be 12 for the SICAD 1. In addition, the CENCOEX will continue and provide preferential treatment for certain import operations such as food and medicines.

The ongoing impact of the recent announcements and our ability to restore net sales and profit to levels achieved prior to the recent devaluations will be impacted by several factors. These include our ability to access the various legal mechanisms to exchange bolivars for U.S. dollars including the new Simadi platform, any potential future devaluation of the exchange rates, any further Venezuelan government price or exchange controls, economic conditions and the availability of raw materials and utilities. In addition, depending on the future availability of U.S. dollars at the CENCOEX rate, our local U.S. dollar needs, our overall repatriation plans, including our ability to obtain government approval for the payment of dividends, which has been limited in recent years, the creditworthiness of the local depository institutions and other creditors and our ability to collect amounts due from customers and the government, including VAT receivables, we may have exposure for our local monetary assets. We continue to evaluate the impact these recent changes will have on our consolidated financial statements, which could be material.

Argentina

Recent economic events in Argentina, including the default on some of its international debt obligations, have exposed us to heightened levels of foreign currency exchange risks. However, as of December 31, 2014, we do not anticipate these events will have a material impact to our 2015 outlook discussed above. For 2014, about 2% of our consolidated net sales and operating income were derived from our businesses in Argentina. As of December 31, 2014, we had net assets of $22 million (including $1 million of cash and cash equivalents) in Argentina.

Foreign Currency Forward Contracts

We use foreign currency forward contracts to fix the amounts payable or receivable on some transactions denominated in foreign currencies. A hypothetical 10% adverse change in foreign exchange rates at December 31, 2014 would have caused us to pay approximately $97 million to terminate these contracts. Based on our overall foreign exchange exposure, we estimate this change would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Our foreign currency forward contracts are described in Note 12, “Derivatives and Hedging Activities,” which is contained in Part II, Item 8, and in “Management’s Discussion and Analysis of Financial Condition and Results of

Operations — Liquidity and Capital Resources — Derivative Financial Instruments — Foreign Currency Forward Contracts," contained in Part II, Item 7 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure to changes in foreign exchange rates and interest rate and currency swaps related to certain financing transactions. These instruments can potentially limit foreign exchange exposure and limit or adjust interest rate exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At December 31, 2014, we had no foreign exchange options outstanding.

Interest Rate and Currency Swap

In connection with exercising the $100 million delayed draw under the senior secured credit facility, we entered into a series of interest rate and currency swaps. These swaps convert the U.S dollar denominated variable rate obligation under the credit facility into a fixed rate Brazilian real denominated obligation. The delayed draw and the interest rate and currency swaps are used to fund expansion and general corporate purposes of our Brazilian subsidiaries.

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $500 million at December 31, 2014 and $398 million at December 31, 2013.

Customer Credit

We are exposed to credit risk from our customers. In the normal course of business we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an allowance for doubtful accounts for estimated losses resulting from the failure of our customers to make required payments. An additional allowance may be required if the financial condition of our customers deteriorates. The allowance for doubtful accounts is maintained at a level that management assesses to be appropriate to absorb estimated losses in the accounts receivable portfolio.

Our customers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Our provision for bad debt expense was $8 million in 2014, $12 million in 2013 and $14 million in 2012. The allowance for doubtful accounts was $29 million at December 31, 2014 and $31 million at December 31, 2013.

Pensions

Recent market conditions have resulted in an unusually high degree of volatility and increased risks and short-term liquidity concerns associated with some of the plan assets held by our defined benefit pension plans, which have impacted the performance of some of the plan assets. Based upon the annual valuation of our defined benefit pension plans at December 31, 2014, we expect our net periodic benefit costs to be approximately $9 million in 2015. See Note 14, "Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans," for further details on our defined benefit pension plans.

Commodities

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

Item 8. Financial Statements and Supplementary Data
The following consolidated financial statements and notes are filed as part of this report.

Sealed Air Corporation

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Sealed Air Corporation:

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows, for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule, "Schedule II — Valuation and Qualifying Accounts and Reserves." We have also audited Sealed Air Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sealed Air Corporation's management is responsible for these consolidated financial statements and the consolidated financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedule, and an opinion on the Company's internal control over financial reporting based on our audits.

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

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sealed Air Corporation and subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Sealed Air Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As discussed in Note 2 to the consolidated financial statements, Sealed Air Corporation and subsidiaries has elected to change its method of accounting for certain inventories.

/s/ KPMG LLP

Short Hills, New Jersey

February 27, 2015

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(In millions, except share data)	December 31, 2014	December 31, 2013[1]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 322.6	$ 992.4
Trade receivables, net of allowance for doubtful accounts of $28.8 in 2014 and $31.4 in 2013	1,002.2	1,126.4
Income tax receivables	277.0	24.6
Other receivables	127.1	123.3
Inventories	707.6	730.2
Deferred taxes	105.6	377.7
Assets held for sale	27.3	—
Prepaid expenses and other current assets	122.2	84.9
Total current assets	2,691.6	3,459.5
Property and equipment, net	993.2	1,134.5
Goodwill	3,005.5	3,114.6
Intangible assets, net	872.2	1,016.9
Non-current deferred taxes	105.9	63.1
Other non-current assets	373.3	387.4
Total assets	$ 8,041.7	$ 9,176.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 130.4	$ 81.6
Current portion of long-term debt	1.1	201.5
Accounts payable	638.7	524.5
Deferred taxes	4.8	8.1
Settlement agreement and related accrued interest	—	925.1
Accrued restructuring costs	55.8	69.6
Other current liabilities	900.1	890.4
Total current liabilities	1,730.9	2,700.8
Long-term debt, less current portion	4,282.5	4,116.4
Non-current deferred taxes	161.5	294.6
Other non-current liabilities	704.0	647.9
Total liabilities	6,878.9	7,759.7
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2014 and 2013	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued:	22.5	20.6

224,683,653 in 2014 and 205,707,580 in 2013; shares outstanding: 210,531,894 in 2014 and

196,198,672 in 2013		
Common stock reserved for issuance related to Settlement agreement, $0.10 par value per share, no shares in 2014 and 18,000,000 shares in 2013	—	1.8
Additional paid-in capital	1,787.0	1,695.3
Retained earnings	448.5	