SEALED AIR CORP/DE
Form 10-Q
October 31, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016

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)
	28273

8215 Forest Point Boulevard

Charlotte, North Carolina
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (980) 221-3235

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

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer (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

There were 193,307,520 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of October 27, 2016.

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.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the tax benefits associated with the Settlement agreement (as defined in our Annual Report on Form 10-K for the year ended December 31, 2015), global economic and political conditions, changes in our credit ratings, changes in raw material pricing and availability, changes in energy costs, competitive conditions, the success of the spin of the Diversey Care division and food hygiene and cleaning business, the success of our restructuring activities, currency translation and devaluation effects, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, the success of new product offerings, the effects of animal and food-related health issues, pandemics, consumer preferences, environmental matters, regulatory actions and legal matters, and the other information referenced in Part I, Item IA, "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission, and as revised and updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.

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.

We also present our adjusted income tax rate or provision ("Adjusted Tax Rate"). The Adjusted Tax Rate is a Non-U.S. GAAP 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 Adjusted 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 Adjusted 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.

We also exclude the impact of material divestitures and acquisitions when comparing results to prior periods. Changes in operating results excluding the impact of divestitures are non-U.S. GAAP financial measures; however, we feel it is important to exclude the impact of divestitures on year-over-year results in order to evaluate performance on a more comparable basis.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In millions, except share data)	September 30, 2016 (unaudited)	December 31, 2015[1]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 332.8	$ 358.4
Trade receivables, net of allowance for doubtful accounts of $23.6 in 2016 and $24.9 in 2015	779.4	758.4
Income tax receivables	25.0	22.7
Other receivables	144.2	124.8
Inventories, net of inventory reserves of $27.6 in 2016 and $21.9 in 2015	766.0	660.8
Assets held for sale	7.0	10.3
Prepaid expenses and other current assets	321.7	280.2
Total current assets	2,376.1	2,215.6
Property and equipment, net[2]	1,033.5	945.7
Goodwill	2,913.5	2,909.5
Intangible assets, net	741.8	784.3
Deferred taxes	178.4	204.7
Other non-current assets[1]	362.5	345.2
Total assets	$ 7,605.8	$ 7,405.0
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Short-term borrowings	$ 332.2	$ 241.9
Current portion of long-term debt	328.6	46.6
Accounts payable	823.3	675.3
Accrued restructuring costs	40.9	53.6
Other current liabilities	758.8	789.7
Total current liabilities	2,283.8	1,807.1
Long-term debt, less current portion[1]	4,000.7	4,266.8
Deferred taxes	58.6	75.0
Other non-current liabilities[2]	709.9	729.0
Total liabilities	7,053.0	6,877.9
Commitments and contingencies - Note 15		
Stockholders’ equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2016 and 2015	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued:	22.7	22.6
227,292,089 in 2016 and 225,625,636 in 2015; shares outstanding: 193,307,520 in 2016 and		

196,013,299 in 2015		
Additional paid-in capital	1,958.9	1,915.0
Retained earnings	900.3	675.2
Common stock in treasury, 33,984,569 shares in 2016 and 29,612,337 shares in 2015	(1,470.2)	(1,265.7)
Accumulated other comprehensive loss, net of taxes	(858.9)	(820.0)
Total stockholders' equity	552.8	527.1
Total liabilities and stockholders' equity	$ 7,605.8	$ 7,405.0

See accompanying notes to condensed consolidated financial statements.

(1) As of January 1, 2016, we have adopted ASU 2015-03 and ASU 2015-15 with retrospective application. This resulted in a reclassification from other non-current assets to long-term debt, less current portion for debt issuance costs as of December 31, 2015. Refer to Note 2, "Recently Issued Accounting Standards" of the notes to the condensed consolidated financial statements for further details.

(2) Property and equipment, net, and other non-current liabilities as of December 31, 2015, have been revised to properly reflect asset retirement obligations. This resulted in an increase to property and equipment, net and other non-current liabilities of $15.0 million. See Note 1 "Organization and Basis of Presentation" under the heading "Reclassifications and Revisions" for further discussion of the revisions.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	(unaudited)		(unaudited)	
(In millions, except share data)	2016	2015	2016	2015
Net sales	$1,716.6	$1,746.2	$5,034.2	$5,277.6
Cost of sales[1]	1,076.6	1,109.6	3,143.5	3,327.6
Gross profit	640.0	636.6	1,890.7	1,950.0
Selling, general and administrative expenses[1]	390.3	400.6	1,199.8	1,243.7
Amortization expense of intangible assets acquired	23.5	21.8	72.4	67.4
Stock appreciation rights expense	(0.3)	(0.4)	(0.1)	4.1
Restructuring and other charges[1]	1.6	38.4	3.5	68.0
Operating profit	224.9	176.2	615.1	566.8
Interest expense	(52.8)	(54.8)	(161.8)	(172.3)
Foreign currency exchange loss related to Venezuelan subsidiaries	(0.4)	(1.0)	(3.2)	(30.7)
Charge related to Venezuelan subsidiaries[1]	—	—	(46.0)	—
Gain (loss) on debt redemption and refinancing activities	(0.1)	0.6	(0.1)	(110.7)
Gain (loss) on sale of business	—	(0.5)	(1.6)	28.7
Other income, net	1.2	5.5	5.7	18.4
Earnings before income tax provision	172.8	126.0	408.1	300.2
Income tax provision	9.5	39.4	92.8	88.3
Net earnings available to common stockholders	$163.3	$86.6	$315.3	$211.9
Net earnings per common share:				
Basic[2]	$0.84	$0.43	$1.60	$1.02
Diluted[2]	$0.83	$0.42	$1.59	$1.01
Dividends per common share	$0.16	$0.13	$0.45	$0.39
Weighted average number of common shares outstanding:				
Basic	194.1	202.9	195.0	206.7
Diluted[2]	196.7	205.8	197.5	209.5

See accompanying notes to condensed consolidated financial statements.

[1] Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. This resulted in total costs of $52.1 million being incurred which included a voluntary reduction in headcount including severance and termination benefits for employees of approximately $0.3 million recorded in restructuring and other charges, depreciation and amortization expense related to fixed assets and intangibles of approximately $4.8 million recorded in selling, general and administrative expenses, inventory reserves of $1.0 million recorded in costs of sales and the reclassification of cumulative translation adjustment of approximately $46.0 million recorded in charges related to Venezuelan subsidiaries.

(2) The Company early adopted ASU 2016-09 on a prospective basis as required, related to the recognition of excess tax benefits to the income statement which were previously recorded in additional paid-in capital, effective January 1, 2016. This resulted in an additional 377,130 and 370,090 diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2016, respectively, and recognition of excess tax benefits of $1.8 million and $12.4 million in income tax provision for the three and nine months ended September 30, 2016, respectively. As a result, net earnings per common share increased by $0.01 per share and $0.06 per share for the three and nine months ended September 30, 2016, respectively. Refer to Note 2, “Recently Issued Accounting Standards” of the notes to the condensed consolidated financial statements for further details.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
(In millions)	2016	2015	2016	2015
Net earnings available to common stockholders	$163.3	$86.6	$315.3	$211.9
Other comprehensive loss, net of taxes:				
Recognition of deferred pension items, net of taxes of $(0.7) for the three months ended September 30, 2016, $(0.6) for the three months ended September 30, 2015, $(2.0) for the nine months ended September 30, 2016 and $(1.2) for the nine months ended September 30, 2015	1.8	2.0	5.6	9.4
Unrealized (losses) gains on derivative instruments for net investment hedge, net of taxes of $5.2 for the three months ended September 30, 2016, $(0.9) for the three months ended September 30, 2015, $9.6 for the nine months ended September 30, 2016 and $9.9 for the nine months ended September 30, 2015	(8.3)	4.9	(15.4)	(14.4)
Unrealized (losses) gains on derivative instruments for cash flow hedge, net of taxes of $(0.8) for the three months ended September 30, 2016, $1.4 for the three months ended September 30, 2015, $1.6 for the nine months ended September 30, 2016 and $0.9 for the nine months ended September 30, 2015	2.2	1.9	(2.5)	2.7
Foreign currency translation adjustments, net of taxes of $0.2 for the three months ended September 30, 2016, $(1.1) for the	(11.1)	(137.9)	(26.6)	(197.1)

three months ended September 30, 2015, $(20.0) for the nine months ended September 30, 2016 and $(3.2) for the nine months ended September 30, 2015				
Other comprehensive loss, net of taxes	(15.4)	(129.1)	(38.9)	(199.4)
Comprehensive income (loss), net of taxes	$ 147.9	$ (42.5)	$ 276.4	$ 12.5

See accompanying notes to condensed consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, (unaudited)	
(In millions)	2016	2015[1]
Net earnings available to common stockholders	$315.3	$211.9
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	161.2	162.0
Share-based incentive compensation	44.6	49.1
Profit sharing expense	29.7	26.3
Loss on debt redemption and refinancing activities	—	110.7
Remeasurement loss related to Venezuelan subsidiaries	3.2	30.7
Reclassification of cumulative translation adjustment of Venezuelan subsidiaries	46.0	—
Provisions for bad debt	4.0	5.3
Provisions for inventory obsolescence	7.0	2.7
Deferred taxes, net	2.4	0.1
Net (gain) on disposals of property and equipment and other	—	(3.6)
Net loss (gain) on sale of business	1.9	(35.6)
Other non-cash items	9.6	5.3
Changes in operating assets and liabilities:		
Trade receivables, net	(58.5)	(47.0)
Inventories	(100.5)	(127.3)
Accounts payable	140.5	119.6
Settlement agreement and related items	—	235.2
Other assets and liabilities	(135.9)	(44.5)
Net cash provided by operating activities[2]	470.5	700.9
Cash flows from investing activities:		
Capital expenditures	(190.2)	(112.3)
Proceeds, net from sale of business	7.8	75.7
Businesses acquired in purchase transactions, net of cash and cash equivalents acquired	(5.8)	(25.1)
Proceeds from sales of property, equipment and other assets	0.6	32.4
Settlement of foreign currency forward contracts	(43.1)	21.5
Net cash used in investing activities	(230.7)	(7.8)
Cash flows from financing activities:		
Net proceeds from borrowings	72.7	256.8
Change in cash used as collateral on borrowing arrangements	1.5	(13.5)
Proceeds from cross currency swap	6.2	—
Dividends paid on common stock	(90.1)	(81.2)
Acquisition of common stock for tax withholding	(22.7)	(8.7)
Repurchases of common stock	(217.0)	(685.7)
Payments for debt extinguishment and issuance costs	(0.1)	(108.0)
Net cash used in financing activities[2]	(249.5)	(640.3)

Effect of foreign currency exchange rate changes on cash and cash equivalents	(15.9)	(55.4)
Balance, beginning of period	358.4	286.4
Net change during the period	(25.6)	(2.6)
Balance, end of period	$332.8	$283.8
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$157.4	$169.1
Income tax payments	$93.5	$78.8
Stock appreciation rights payments (less amounts included in restructuring payments)	$1.9	$20.0
Restructuring payments including associated costs	$51.0	$71.7
Non-cash items:		
Transfers of shares of our common stock from treasury for our 2015 and 2014 profit-sharing plan contributions	$37.6	$36.7

See accompanying notes to condensed consolidated financial statements.

(1) For the nine months ended September 30, 2015, certain amounts related to the settlement of a net investment hedge and foreign currency gains and losses were misclassified. Additional revisions were made to the Condensed Consolidated Balance Sheet as of September 30, 2015. As a result, corresponding changes were made on the Condensed Consolidated Statement of Cash Flows. See Note 1 “Organization and Basis of Presentation” under the heading “Reclassifications and Revisions” for further discussion of the revisions.

(2) The Company early adopted ASU 2016-09 on a retrospective basis related to the classification of excess tax benefits on the Statement of Cash Flows, effective January 1, 2016, which resulted in an increase in operating cash flow of $6.8 million and a decrease in financing activities of $6.8 million for the nine months ended September 30, 2016. There was not a material impact on the nine months ended September 30, 2015. Refer to Note 2, “Recently Issued Accounting Standards” of the notes to the condensed consolidated financial statements for further details.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Organization and Basis of Presentation

Organization

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 measurable, sustainable value to our customers and investors.

We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc. Throughout this report, when we refer to “Sealed Air,” the “Company,” “we,” “our,” or “us,” we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise.

Basis of Presentation

Our Condensed Consolidated Financial Statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management’s opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our Condensed Consolidated Balance Sheet as of September 30, 2016 and our Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2016 and 2015 have been made. The results set forth in our Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2016 and in our Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year. All amounts are in millions, except per share amounts, and approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, did not have a material impact on our condensed consolidated financial condition, results of operations or cash flows.

Our Condensed Consolidated Financial Statements were prepared in accordance with the interim reporting requirements of the U.S. Securities and Exchange Commission (“SEC”). As permitted under those rules, annual footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted. The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ from these estimates.

We are responsible for the unaudited Condensed Consolidated Financial Statements and notes included in this report. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed with the SEC on February 22, 2016 (“2015 Form 10-K”) and with the information contained in other publicly-available filings with the SEC.

Reclassifications and Revisions

For the nine months ended September 30, 2015, certain amounts related to the settlement of a net investment hedge and foreign currency gains and losses were misclassified on the Condensed Consolidated Statement of Cash Flows. The reclassification of these items in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2015 resulted in an increase in cash provided by operating activities of $22.3 million, a decrease to cash provided by investing activities of $14.7 million, and a decrease of $7.6 million due to the effect of foreign currency exchange rate changes on cash.

Additionally, for the nine months ended September 30, 2015, certain amounts related to compensating balance arrangements and external payment terms were misclassified in the Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Cash Flows. The revision of these items resulted in a decrease in cash and an increase in other current assets of $35.9 million as of December 31, 2015 and $49.4 million as of September 30, 2016 related to cash deposits held in compensating balance arrangements for certain short-term borrowing agreements and a decrease in accounts payable and an increase in short-term borrowings of $11.9 million related to extended payment terms on a vendor agreement on the Condensed Consolidated Balance Sheet. The revision of these items on the Condensed Consolidated Statement of Cash Flows resulted in an increase in cash provided by operating activities of $1.0 million and a decrease to cash used in financing activities of $14.5 million.

The Condensed Consolidated Balance Sheet as of December 31, 2015 has also been revised to properly reflect asset retirement obligations. This revision resulted in an increase to property and equipment, net, as well as other non-current liabilities of $15.0 million

Impact of Inflation and Currency Fluctuation

Venezuela

Economic and political events in Venezuela have continued to expose us to heightened levels of foreign currency exchange risk. Accordingly, Venezuela has been 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. All bolivar-denominated monetary assets and liabilities are remeasured into U.S. dollars using the current exchange rate available to us, and any changes in the exchange rate are reflected in foreign currency exchange loss related to our Venezuelan subsidiaries on the Condensed Consolidated Statements of Operations.

2015 Activity

In February 2015, the Venezuelan government announced a new foreign exchange platform called the Marginal Currency System or SIMADI. The SIMADI basically replaced the SICAD 2 rate. When this market opened on February 12, 2015 the rate was 170.0390 and then at September 30, 2015 it was 199.4204. The SICAD 1 and the SICAD 2 were merged into the SICAD. The opening rate was 12.0 for the SICAD and at September 30, 2015 it was 13.5. In addition, the National Center of Foreign Commerce, or CENCOEX, will continue and provide preferential treatment for certain import operations such as food and medicines.

Since these changes were announced by the Venezuelan government, the new SIMADI market has had very little activity and companies were not been able to access this market to obtain U.S. dollars. In addition, the SICAD rate which was established via auctions had no auctions held since October 2014. However, in June 2015 an auction was held for the automotive parts and school supplies industries.

Therefore, in 2015 there were three legal mechanisms to exchange Bolivars for US dollars:

- CENCOEX at the official rate of 6.3;
- SICAD auction process at the awarded exchange rate (opening rate at 12.0 and at September 30, 2015 it was 13.5); and
- SIMADI at the negotiated rate (rate of 199.4204 at September 30, 2015).

At September 30, 2015, we evaluated which legal mechanisms were available to our Venezuelan subsidiaries to access U.S. dollars. As of September 30, 2015 consistent with June 30, 2015, we concluded that we would continue to use the SIMADI rate to remeasure our bolivar denominated monetary assets and liabilities since it was our only legally available option and our intent on a go-forward basis to utilize this market to settle any future transactions based on the then current facts and circumstances. As a result of this evaluation, the Company reported a remeasurement loss of $30.7 million for the nine months ended September 30, 2015 and $1.0 million for the three months ended September 30, 2015.

During the remainder of 2015, we continued to evaluate which legal mechanisms were available to our Venezuelan subsidiaries to access U.S. dollars. Starting June 30, 2015 through to December 31, 2015, we concluded that we would use the SIMADI rate to remeasure our bolivar denominated monetary assets and liabilities since it was our only legally available option and at that time, our intent on a go-forward basis to utilize this market to settle any future transactions based on the then current facts and circumstances. The SIMADI rate as of December 31, 2015 was 198.6986. During 2015, the Company did not receive U.S. dollars via the CENCOEX official rate of 6.3. We expected that we would only have limited access to the CENCOEX market to settle certain past transactions. However, if the option did become available to us to use the CENCOEX in the future, the Company would have considered that further. In addition, there were no SICAD auctions for the food or chemical industries as of December 31, 2015. During 2015, we were only able to access the SIMADI market and only received minimal amounts of U.S. dollars.

2016 Activity

On February 17, 2016, the Venezuelan government made further changes to the exchange rates including a further devaluation and on March 9, 2016 published in Exchange Agreement No. 35 further rules governing foreign exchange transactions which were effective March 10, 2016. This includes the following key changes:

- The preferential rate for essential goods and services was changed from 6.3 to 10.0 bolivars per U.S. dollars and is no longer called CENCOEX but is now the DIPRO;
- The SICAD rate was eliminated which reduced the number of legal mechanisms from three down to only two; and
- Eliminated the SIMADI rate which was replaced by the DICOM rate which will be allowed to float freely beginning at a rate of approximately 203.0 bolivars to U.S. dollar.

At September 30, 2016, we evaluated which legal mechanisms were available to our Venezuelan subsidiaries to access U.S. dollars. As noted above, the SIMADI rate was replaced with the DICOM rate. Consistent with our evaluation completed in the first and second quarters of 2016, we concluded that we will continue to use the DICOM rate to remeasure our bolivar denominated monetary assets and liabilities since it is our only legally available option and our intent on a go-forward basis to utilize this market if needed, to settle any future transactions based on the current facts and circumstances. The DICOM rate as of September 30, 2016 was 658.8853.

We will continue to evaluate each reporting period the appropriate exchange rate to remeasure our financial statements based on the facts and circumstances as applicable.

During the first nine months of 2016, we were only able to access the SIMADI market (during the period the market was available) and only received minimal amounts of U.S. dollars during the first three months of 2016. We did not receive any U.S. dollars via the CENCOEX (at an official rate of 6.3) or the DIPRO (at an official rate of 10.0). We expect that we will only have limited access to the DIPRO market to settle certain past transactions. However, if the option becomes available to us to use the DIPRO in the future, the Company will consider this further, as needed. 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. As a result of this evaluation, the Company reported a remeasurement loss of $0.4 million for the three months ended September 30, 2016 and $3.2 million for the nine months ended September 30, 2016.

Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Foreign exchange control regulations have affected our Venezuelan subsidiaries ability to obtain inventory and maintain normal production. This resulted in total costs of $52.1 million being incurred which included the following (i) a voluntary reduction in headcount including severance and termination benefits for employees of approximately $0.3 million, (ii) depreciation and amortization expense related to fixed assets and intangibles of approximately $4.8 million, (iii) inventory reserves of $1.0 million and (iv) the reclassification of approximately $46.0 million of cumulative translation adjustment resulting in a charge to Net income as the Company’s decision to cease operations is similar to a substantially complete liquidation.

Note 2 Recently Issued Accounting Standards

Recently Adopted Accounting Standards

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updates (“ASU”) 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”). ASU 2016-09 simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Early adoption is permitted. The Company has elected to early adopt ASU 2016-09 in the third quarter of 2016 which requires us to reflect any adjustments as of January 1, 2016, the beginning of the annual period that includes the interim period of adoption.

Accounting for Income Taxes

Under previous guidance, excess tax benefits and certain tax deficiencies from share-based compensation arrangements were recorded in additional paid-in-capital within equity when the awards vested or were settled. ASU 2016-09 requires that all excess tax benefits and all tax deficiencies be recognized as income tax expense or benefit in the income statement and adoption is on a prospective basis. The adoption resulted in the recognition of excess tax benefits in our provision for income taxes rather than in additional paid-in capital, as follows:

(In millions)	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Excess tax benefit	$ 1.8	$ 12.4

ASU 2016-09 also requires excess tax benefits to be prospectively excluded from assumed future proceeds in the calculation of diluted shares. As a result of the above changes it resulted in an increase in the Company's diluted weighted average number of common shares outstanding as follows:

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Increase in diluted weighted average number of common shares outstanding	377,130	370,090

The changes resulted in an increase in basic and diluted EPS as follows:

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Basic EPS prior to adoption of ASU 2016-09	$ 0.83	$ 1.54
Basic EPS upon adoption of ASU 2016-09	$ 0.84	$ 1.60

Diluted EPS prior to adoption of ASU 2016-09	$ 0.82	$ 1.53
Diluted EPS upon adoption of ASU 2016-09	$ 0.83	$ 1.59

Classification of Excess Tax Benefits on the Statement of Cash Flows

In addition, under ASU 2016-09, excess income tax benefits from stock-based compensation arrangements are classified as cash flow from operations, rather than as an inflow within financing activities and as an outflow within operating activities. The Company has elected to apply the cash flow classification guidance of ASU 2016-09 retrospectively. There was not a material impact on the nine months ended September 30, 2015 and the year-end December 31, 2014. The retrospective impact on the Consolidated Statement of Cash Flows was as follows:

(In millions)	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Net Cash provided by Operating Activities prior to adoption of ASU 2016-09	$ 463.7	$ 967.7
Net Cash provided by Operating Activities upon adoption of ASU 2016-09	$ 470.5	$ 980.8
Net Cash used in Financing Activities prior to adoption of ASU 2016-09	$ (242.7)	$ (775.3)
Net Cash used in Financing Activities upon adoption of ASU 2016-09	$ (249.5)	$ (788.4)

In November 2015, FASB issued ASU 2015-17, Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”). This ASU will simplify the presentation of deferred tax assets and liabilities by requiring companies to classify all deferred tax as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 31, 2016 and interim periods within those annual periods. However, as early adoption is available, we have adopted this standard as of December 31, 2015 with retrospective application.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments (“ASU 2015-16”). This ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustments amounts are determined. The ASU also requires that in the same period, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in ASU 2015-16 are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years and will be applied prospectively for adjustments to provisional amounts that occur after that date. The impact of ASU 2015-16 will depend on any future events whereby we have any business combinations and any adjustments to the provisional amounts identified during the measurement period are recorded.

In August 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (“ASU 2015-12”). This ASU designates contract value as the only required measure for fully benefit-responsive investment contracts; simplifies the investment disclosure requirements under Accounting Standards Codification (“ASC”) topic 820 for fair value, and topics 960, 962 and 965 for employee benefit plans; and provides a similar measurement date practical expedient for employee benefit plans. The amendments in ASU 2015-12 were effective as of January 1, 2016. ASU 2015-12 did not have a material impact on our financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). This ASU will simplify the presentation of debt issuance costs. It will require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15, Interest—Imputation of Interest (Subtopic 835-30), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 Emerging Issues Task Forces (“EITF”) Meeting (SEC Update) (“ASU 2015-15”). This ASU clarifies that as line of credit arrangements were not specifically discussed in ASU 2015-03, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. ASU 2015-15 should be adopted concurrent with the adoption of ASU 2015-03. The amendments in ASU 2015-03 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. We have adopted these standards as of January 1, 2016 with retrospective application. Adoption of ASU 2015-03 and ASU 2015-15 resulted in a decrease in other non-current assets of $35.9 million and a decrease in long-term debt of $35.9 million as of December 31, 2015 on the Condensed Consolidated Balance Sheet.

In April 2015, the FASB issued ASU 2015-05, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement (“ASU 2015-05”). This ASU will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. It provides guidance about whether a cloud computing arrangement includes a software license. The amendments in ASU

2015-05 have been adopted prospectively. The adoption of ASU 2015-05 does not have a material impact on the financial statements.

Recently Issued Accounting Standards

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"). ASU 2016-16 requires entiies to recognize income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in ASU 2016-16 are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. We are currently in the process of evaluating this new standard update.

In August 2015, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”). ASU 2016-15 provides guidance on eight specific cash flow issues in regard to how cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in ASU 2016-15 are effective for fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted. We are currently in the process of evaluating this new standard update.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. The ASU also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity’s portfolio. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal periods. Entities may adopt earlier as of the fiscal year beginning after December 15, 2018, including interim periods within those fiscal years. We are currently in the process of evaluating this new standard update.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), (“ASU 2016-02”). This ASU requires an entity to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. We are currently in the process of evaluating this new standard update.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). This ASU requires equity investments except those under the equity method of accounting to be measured at fair value with the changes in fair value recognized in net income. The amendment simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. In addition, it also requires enhanced disclosures about investments. The amendments in ASU 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application for certain provisions is allowed but early adoption of the amendments is not permitted. An entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We are currently in the process of evaluating this new standard update.

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory (“ASU 2015-11”), which applies to inventory valued at first-in, first-out (FIFO) or average cost. ASU 2015-11 requires inventory to be measured at the lower of cost and net realizable value, rather than at the lower of cost or market. ASU 2015-11 is effective on a prospective basis for annual periods, including interim reporting periods within those periods, beginning after December 15, 2016. We are currently in the process of evaluating this new standard update.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), (“ASU 2014-09”) and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively (ASU 2014-09, ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12 collectively, Topic 606). Previous revenue recognition guidance in U.S. GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principal, five steps are required to be applied. In addition, ASU 2014-09 expands and enhances disclosure requirements which require disclosing sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This includes both qualitative and quantitative information. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ("ASU 2015-14"). The amendments in ASU 2015-14 delay the effective date of ASU 2014-09 by one year to annual reporting periods beginning after December 15, 2017 and allow early adoption as of the original public entity effective date. The amendments in ASU 2016-08, ASU 2016-10 and ASU 2016-12 are effective in conjunction with ASU 2015-14. We are currently in the process of evaluating this new standard update.

Note 3 Divestitures

Sale of North American foam trays and absorbent pads business

On April 1, 2015, we completed the sale of our North American foam trays and absorbent pads business to NOVIPAX, a portfolio company of Atlas Holdings LLC, for net proceeds of $75.6 million, net of certain purchase price adjustments of $5.9 million and subject to final purchase price adjustment. After transaction costs of $7.0 million, we recorded a pre-tax gain of $29.2 million on the sale, which is included in net earnings available to common shareholders in the Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2015. Subsequent to September 30, 2015, the amounts were updated such that we recorded a $26.5 million pre-tax gain on the sale of business which was reflected in our Consolidated Statement of Operations for the year ended December 31, 2015. The impact to the Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2016 was immaterial.

The decision to sell this business was consistent with the Company's overall strategy to focus on innovation and differentiation in its portfolio of products within the flexible packaging industry. The sale included our manufacturing facilities in Paxinos and Reading, PA, Indianapolis, IN, Rockingham, NC, and Grenada, MS.

The North American foam trays and absorbent pads business was part of the Company’s Food Care division.

For the three months ended March 31, 2015, the North American foam trays and absorbent pads businesses contributed approximately $52.9 million of net sales and $10.3 million of earnings before income tax provision, which excludes certain allocated costs, including corporate support services, for which the Company would normally include in measuring its performance. There was no contribution from the business for the remainder of 2015.

Sale of European food trays business

On November 1, 2015, we completed the sale of our European food trays business to Faerch Plast A/S, a European food packaging solutions provider, for net proceeds at that time of €17.6 million or approximately $19.0 million, net of certain purchase price adjustments of €1.7 million or approximately $1.9 million. The net proceeds excluded contingent consideration which will be received if certain performance targets are met. This transaction follows the sale of our North American foam trays and absorbent pads business in April 2015 and is aligned with our continued commitment to a disciplined approach to portfolio management strategy. The European sale included the manufacturing facilities in Poole, UK and Bunol, Spain.

In the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2016, we recorded an additional pre-tax loss on the sale of business primarily due to a reduction in the net proceeds of $1.6 million. This resulted in cumulative net proceeds of €15.7 million or approximately $17.7 million.

The European food trays business was part of the Company’s Food Care division.

For the three and nine months ended September 30, 2015, the European food trays business contributed approximately $14.7 million and $43.6 million of net sales, respectively, and $2.0 million and $5.9 million of earnings from continuing operations before income tax provision, respectively, which excludes certain allocated costs, including corporate support services for which the Company would normally include in measuring its performance.

Note 4 Segments

The Company’s 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).

The Company’s Food Care, Diversey Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products. Other includes Corporate and the Medical Applications and New Ventures businesses. 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.

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 disclose restructuring and other charges by segment, although these items are not included in the segment performance metric Adjusted EBITDA since restructuring and other charges are categorized as special items as outlined in the table reconciling Non-U.S. GAAP Total Company Adjusted EBITDA to U.S. GAAP net earnings from continuing operations set forth below. The accounting policies of the reportable segments and Other are the same as those applied to the Condensed Consolidated Financial Statements.

The following tables show Net Sales and Adjusted EBITDA by our segment reporting structure:

(In millions)	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015		Nine Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Net Sales:								
Food Care	$814.6		$836.4		$2,381.6		$2,562.8	
As a % of Total Company net sales	47.5	%	47.9	%	47.3	%	48.6	%
Diversey Care	497.4		501.8		1,470.7		1,504.7	
As a % of Total Company net sales	29.0	%	28.7	%	29.2	%	28.5	%
Product Care[(1)]	388.6		389.3		1,130.0		1,153.1	
As a % of Total Company net sales	22.6	%	22.3	%	22.4	%	21.8	%
Other[(1)]	16.0		18.7		51.9		57.0	
Total Company Net Sales	$1,716.6		$1,746.2		$5,034.2		$5,277.6	

(In millions)	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015		Nine Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Adjusted EBITDA:								
Food Care	$172.5		$168.4		$483.1		$532.6	
Adjusted EBITDA Margin	21.2	%	20.1	%	20.3	%	20.8	%
Diversey Care	64.6		66.4		187.1		176.5	
Adjusted EBITDA Margin	13.0	%	13.2	%	12.7	%	11.7	%
Product Care[(1)]	88.2		81.9		244.1		237.9	
Adjusted EBITDA Margin	22.7	%	21.0	%	21.6	%	20.6	%
Other[(1)]	(21.4	)	(16.7	)	(61.7	)	(55.2	)
Non-U.S. GAAP Total Company Adjusted EBITDA	$303.9		$300.0		$852.6		$891.8	
Adjusted EBITDA Margin	17.7	%	17.2	%	16.9	%	16.9	%

(1) As of January 1, 2016, our Kevothermal business was moved from Other to our Product Care Segment. This resulted in a reclassification of $4.6 million of net sales and $0.9 million of adjusted EBITDA for the three months ended September 30, 2015 and $10.3 million of net sales and $2.3 million of adjusted EBITDA for the nine months ended September 30, 2015.

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The following table shows a reconciliation of Total Company Adjusted EBITDA to Net earnings available to common stockholders:

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Total Company Adjusted EBITDA	$303.9	$300.0	$852.6	$891.8
Depreciation and amortization [1][3]	(70.2)	(68.7)	(208.0)	(211.1)
Special items:				
Accelerated depreciation of non-strategic assets related to restructuring programs	—	(0.1)	0.1	0.2
Accelerated depreciation and amortization of fixed assets and intangible assets for Venezuelan subsidiaries[1]	—	—	4.8	—
Restructuring and other charges[1][4]	(1.6)	(38.4)	(3.2)	(68.0)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(6.0)	(13.0)	(17.3)	(32.2)
SARs	0.3	0.4	0.1	(4.1)
Foreign currency exchange (loss) gains related to Venezuelan subsidiaries	(0.4)	(1.0)	(3.2)	(30.7)
Charges related to ceasing operations in Venezuela[1]	—	—	(52.1)	—
Loss on debt redemption and refinancing activities	(0.1)	0.6	(0.1)	(110.7)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	—	(0.5)	(1.6)	28.7
Gain (loss) related to the sale of other businesses, investments and property, plant and equipment	0.6	0.2	(1.5)	9.0
Other special items[2]	(0.9)	1.3	(0.7)	(0.4)
Interest expense	(52.8)	(54.8)	(161.8)	(172.3)
Income tax provision	9.5	39.4	92.8	88.3
Net earnings available to common stockholders	$163.3	$86.6	$315.3	$211.9

[1] Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 1 of the Condensed Consolidated Statement of Operations for further details.

[2] Other special items for the three and nine months ended September 30, 2016 primarily included a reduction in a non-income tax reserve following the completion of a governmental audit partially offset by legal fees associated

with restructuring and acquisitions. Other special items for the three and nine months ended September 30, 2015 primarily included legal fees associated with restructuring and acquisitions.

(3) Depreciation and amortization by segment is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Food Care	$25.7	$26.6	$75.9	$81.8
Diversey Care	23.9	25.7	71.9	77.0
Product Care	9.7	9.3	28.6	28.8
Other	10.9	7.1	31.6	23.5
Total Company depreciation and amortization[1]	$70.2	$68.7	$208.0	$211.1

(1) Includes share-based incentive compensation of $15.6 million and $46.8 million for the three and nine months ended September 30, 2016 and $15.9 million and $49.1 million for the three and nine months ended September 30, 2015, respectively.

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[4] Restructuring and other charges by segment were as follows:

(In millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Food Care	$0.8	$15.4	$1.5	$29.5
Diversey Care	0.4	16.0	0.9	25.5
Product Care	0.3	6.7	0.7	12.6
Other	0.1	0.3	0.1	0.4
Total Company restructuring and other charges[1]	$1.6	$38.4	$3.2	$68.0

[1] For the nine months ended September 30, 2016 restructuring and other charges excludes $0.3 million related to severance and termination benefits for employees in our Venezuelan subsidiaries.

Assets by Reportable Segments

The following table shows assets allocated by our segment reporting structure. Only assets identifiable by segment and reviewed by our chief operating decision maker by segment are allocated by the reportable segment assets, which are trade receivables, net, and finished goods inventory, net. All other assets are included in "Assets not allocated."

(In millions)	September 30, 2016	December 31, 2015
Assets:		
Trade receivables, net, and finished goods inventories, net		
Food Care	$ 559.5	$ 522.4
Diversey Care	467.5	440.3
Product Care	236.8	222.0
Other	17.1	12.5
Total segments and other	1,280.9	1,197.2
Assets not allocated		
Cash and cash equivalents	332.8	358.4
Property and equipment, net	1,033.5	945.7
Goodwill	2,913.5	2,909.5
Intangible assets, net	741.8	784.3
Assets held for sale	7.0	10.3
Other	1,296.3	1,199.6
Total	$ 7,605.8	$ 7,405.0

Note 5 Inventories and Cost of Sales

The following table details our inventories, net:

(In millions)	September 30, 2016	December 31, 2015
Inventories:		
Raw materials	$ 133.3	$ 109.6
Work in process	131.3	112.4
Finished goods	501.4	438.8
Total	$ 766.0	$ 660.8

For the nine months ended September 30, 2016 cost of sales included a $6.8 million reimbursement of previously incurred environmental expenses, of which $5.6 million impacted the Diversey Care division.

Note 6 Property and Equipment, net

The following table details our property and equipment, net:

(In millions)	September 30, 2016	December 31, 2015[1]
Land and improvements	$ 86.1	$ 86.7
Buildings	614.8	606.2
Machinery and equipment	2,181.4	2,141.3
Other property and equipment	144.4	139.9
Construction-in-progress	298.0	190.7
Property and equipment, gross	3,324.7	3,164.8
Accumulated depreciation and amortization[2]	(2,291.2)	(2,219.1)
Property and equipment, net	$ 1,033.5	$ 945.7

(1) Amounts related to asset retirement obligations were recorded as of December 31, 2015. This resulted in an increase to property and equipment, net and other non-current liabilities of $15.0 million.

(2) As of September 30, 2016 this amount includes $0.5 million related to the accelerated depreciation and amortization of fixed assets related to ceasing operations in Venezuela. Refer to Note 1 of the Condensed Consolidated Statement of Operations for further details.

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment.

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Interest cost capitalized	$ 3.2	$ 1.0	$ 7.1	$ 4.0
Depreciation and amortization expense for property and equipment	$ 31.1	$ 31.0	$ 88.8	$ 94.6

Note 7 Goodwill and Identifiable Assets

Goodwill

The following table shows our goodwill balances by our segment reporting structure. We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. As of September 30, 2016, we did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable.

(In millions)	Food Care	Diversey Care	Product Care	Other	Total
Gross Carrying Value at December 31, 2015	$804.3	$1,820.9	$1,373.7	$1.6	$4,000.5
Accumulated impairment	(208.0)	(883.0)	—	—	(1,091.0)
Carrying Value at December 31, 2015	$596.3	$937.9	$1,373.7	$1.6	$2,909.5
Acquisitions and related adjustments	8.4	—	—	—	8.4
Dispositions	—	—	(1.1)	—	(1.1)
Currency translation	(6.3)	2.8	0.4	(0.2)	(3.3)
Gross Carrying Value at September 30, 2016	806.4	1,823.7	1,373.0	1.4	4,004.5
Accumulated impairment	(208.0)	(883.0)	—	—	(1,091.0)
Carrying Value at September 30, 2016	$598.4	$940.7	$1,373.0	$1.4	$2,913.5

Identifiable Intangible Assets

The following tables summarize our identifiable intangible assets with definite and indefinite useful lives. As of September 30, 2016, there were no impairment indicators present.

	September 30, 2016				December 31, 2015			
(In millions)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net
Customer relationships[1]	$860.4	$(300.2)	$(148.9)	$411.3	$846.2	$(249.4)	$(148.9)	$447.9
Trademarks and tradenames	1.8	(0.7)	—	1.1	1.7	(0.4)	—	1.3
Capitalized software	160.8	(134.1)	—	26.7	143.0	(125.3)	—	17.7
Technology	142.3	(75.3)	(22.2)	44.8	141.9	(65.0)	(22.2)	54.7
Contracts	38.9	(32.1)	—	6.8	42.8	(31.2)	—	11.6
Total intangible assets with definite lives	1,204.2	(542.4)	(171.1)	490.7	1,175.6	(471.3)	(171.1)	533.2
Trademarks and tradenames with indefinite lives[2]	881.3	—	(630.2)	251.1	881.3	—	(630.2)	251.1
Total identifiable intangible assets	$2,085.5	$(542.4)	$(801.3)	$741.8	$2,056.9	$(471.3)	$(801.3)	$784.3

[1] As of September 30, 2016 this amount includes $4.3 million related to the accelerated amortization of intangible assets related to ceasing operations in Venezuela. Refer to Note 1 of the Condensed Consolidated Statement of Operations for further details.

[2] The intangible assets include $251 million of trademarks and trade names that we have determined to have indefinite useful lives, primarily acquired in connection with the acquisition of Diversey.

The following table shows the remaining estimated future amortization expense at September 30, 2016

Year	Amount (in millions)
Remainder of 2016	$ 21.9
2017	93.8
2018	64.0
2019	56.8

Thereafter	254.2
Total	$ 490.7

Note 8 Accounts Receivable Securitization Programs

U.S. Accounts Receivable Securitization Program

We and a group of our U.S. operating subsidiaries maintain an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to an indirectly wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables with two banks and issuers of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and issuers of commercial paper administered by these banks are considered secured borrowings with pledge of collateral and will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. These banks do not have any recourse against the general credit of the Company. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

As of September 30, 2016, the maximum purchase limit for receivable interests was $90.0 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $90.0 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. During the nine months ended September 30, 2016, the level of eligible assets available under the program was lower than $90.0 million primarily due to certain required reserves against our receivables. As a result, the amount available to us under the program was $73.3 million at September 30, 2016. Although we do not believe restrictions under this program presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available to us under the program or termination of the program.

The program expires annually in September and is renewable. The program was renewed in September 2016 for an additional year.

European Accounts Receivables Securitization Program

We and a group of our European subsidiaries maintain an accounts receivable securitization program with a special purpose vehicle, or SPV, two banks and issuers of commercial paper administered by these banks. The European program is structured to be a securitization of certain trade receivables that are originated by certain of our European subsidiaries. The SPV borrows funds from the banks to fund its acquisition of the receivables and provides the banks with a first priority perfected security interest in the accounts receivable. We do not have an equity interest in the SPV. We concluded the SPV is a variable interest entity because its total equity investment at risk is not sufficient to permit the SPV to finance its activities without additional subordinated financial support from the bank via loans or via the collections from accounts receivable already purchased. Additionally, we are considered the primary beneficiary of the SPV since we control the activities of the SPV, and are exposed to the risk of uncollectable receivables held by the SPV. Therefore, the SPV is consolidated in our Condensed Consolidated Financial Statements. Any activity between the participating subsidiaries and the SPV is eliminated in consolidation. Loans from the banks to the SPV will be classified as short-term borrowings on our Condensed Consolidated Balance Sheet. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheet.

As of September 30, 2016, the maximum purchase limit for receivable interests was €110.0 million ($123.4 million equivalent at September 30, 2016), subject to availability limits. The terms and provisions of this program are similar to our U.S. program discussed above. As of September 30, 2016, the amount available under this program was €99.2 million ($111.4 million equivalent as of September 30, 2016).

This program expires annually in February and is renewable. The program was renewed in February 2016 for an additional year.

Utilization of Our Accounts Receivable Securitization Programs

As of September 30, 2016, there were borrowings of $73.0 million outstanding under our U.S. program and borrowings of €98.4 million ($110.4 million equivalent as of September 30, 2016) under our European program. We continue to service the trade receivables supporting the programs, and the banks are permitted to re-pledge this collateral. Total interest expense related to the use of these programs was $1.1 million for the nine months ended September 30, 2016 and less than $1.0 million for the nine months ended September 30, 2015. Total interest expense was $0.4 million for the three months ended September 30, 2016 and immaterial for the three months ended September 30, 2015.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above expiration dates. A failure to comply with debt leverage or various other ratios related to our receivables collection experience could result in termination of the receivables programs. We were in compliance with these ratios at September 30, 2016.

As of December 31, 2015, the total amount of borrowings was $67.0 million under our U.S. program and €70.1 million ($76.7 million equivalent as of December 31, 2015) under our European program.

Note 9 Restructuring and Relocation Activities

Consolidation of Restructuring Programs

As reported in our 2015 Form 10-K, our December 2011 Integration and Optimization Program (“IOP”) is substantially complete and is not expected to significantly impact 2016. The May 2013 Earnings Quality Improvement Program (“EQIP”) and the December 2014 Fusion program will show significant activity in 2016.

In the first quarter of 2016, the Board of Directors agreed to consolidate the remaining activities of all restructuring programs to create a single program to be called the “Sealed Air Restructuring Program” or the “Program.”

The Program consists of a portfolio of restructuring projects across all of our divisions as part of our transformation of Sealed Air into a knowledge-based company, including reductions in headcount, and relocation of certain facilities and offices, which primarily reflects the relocation of our global headquarters to Charlotte, North Carolina, including the headquarters for our divisions, research and development facilities, and corporate offices. By December 31, 2017, we anticipate approximately 1,300 jobs will have been relocated to Charlotte primarily from our former corporate headquarters in Elmwood Park, New Jersey; and facilities in Saddle Brook, New Jersey; Racine, Wisconsin; and, Duncan and Greenville, South Carolina. The cost of the Charlotte campus is estimated to be approximately $120 million.

Program metrics are as follows:

	Sealed Air Restructuring Program
Approximate positions eliminated by the program	1,950
Estimated Program Costs (in millions):	
Costs of reduction in headcount as a result of reorganization	$235-$245
Other expenses associated with the Program	155-160
Total expense	$390-$405
Capital expenditures	250-255
Proceeds, foreign exchange and other cash items	(70)-(75)
Total estimated net cash cost	$570-$585
Program to Date Cumulative Expense (in millions):	
Costs of reduction in headcount as a result of reorganization	$ 216
Other expenses associated with the Program	94
Total Cumulative Expense	$ 310
Cumulative Capital expenditures	$ 182

The following table details our restructuring activities as reflected in the Condensed Statement of Operations for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Other associated costs	$ 6.0	$ 13.0	$ 17.3	$ 32.2
Restructuring charges	1.6	38.4	3.2	68.0
Total	$ 7.6	$ 51.4	$ 20.5	$ 100.2
Capital Expenditures	$ 35.4	$ 21.0	$ 92.4	$ 25.5

The restructuring accrual, spending and other activity for the nine months ended September 30, 2016 and the accrual balance remaining at September 30, 2016 related to these programs were as follows (in millions):

Restructuring accrual at December 31, 2015	$76.3
Accrual and accrual adjustments	3.2
Cash payments during 2016	(34.0)
Effect of changes in foreign currency exchange rates	0.3
Restructuring accrual at September 30, 2016	$45.8

We expect to pay $41 million of the accrual balance remaining at September 30, 2016 within the next twelve months. This amount is included in accrued restructuring costs on the Condensed Consolidated Balance Sheet at September 30, 2016. The remaining accrual of $5 million is expected to be paid in the fourth quarter of 2017. This amount is included in other non-current liabilities on our Condensed Consolidated Balance Sheet at September 30, 2016.

Note 10 Debt and Credit Facilities

Our total debt outstanding consisted of the amounts set forth on the following table:

(In millions)	September 30, 2016	December 31, 2015[3]
Short-term borrowings [1]	$ 332.2	$ 241.9
Current portion of long-term debt[2]	328.6	46.6
Total current debt	660.8	288.5
Term Loan A due July 2017[2]	—	249.7
Term Loan A due July 2019[2]	1,027.6	1,058.9
6.50% Senior Notes due December 2020	423.0	422.7
4.875% Senior Notes due December 2022	419.4	418.9
5.25% Senior Notes due April 2023	419.5	419.0
4.50% Senior Notes due September 2023	444.8	432.9
5.125% Senior Notes due December 2024	420.1	419.7
5.50% Senior Notes due September 2025	396.3	396.1
6.875% Senior Notes due July 2033	445.3	445.2
Other	4.7	3.7
Total long-term debt, less current portion[5]	4,000.7	4,266.8
Total debt[4][6]	$ 4,661.5	$ 4,555.3

(1) Short-term borrowings of $332.2 million at September 30, 2016 are comprised primarily of $73.0 million of borrowings outstanding under our U.S. accounts receivable securitization program, $110.4 million of borrowings outstanding under our European accounts receivable securitization program, $30.0 million outstanding under our revolving credit facility and $118.8 million short-term borrowing from various lines of credit. Short-term borrowings at December 31, 2015 are comprised primarily of $67.0 million of borrowings outstanding under our U.S. accounts receivable securitization program, $76.7 million of borrowings outstanding under our European accounts receivable securitization program and $98.2 million short-term borrowings from various lines of credit.

(2) Term Loan A facility due July 2019 has required prepayments which are due in the fourth quarter of 2016 and Term Loan A facility due in July 2017 are included in the current portion of long-term debt.

(3) As of January 1, 2016, we have adopted ASU 2015-03 and ASU 2015-15 which resulted in $35.9 million of unamortized debt issuance costs being reclassified from other non-current assets to long-term debt. See Note 2, "Recently Issued Accounting Standards" for additional information related to this adoption.

(4) As of September 30, 2016, our weighted average interest rate on our short-term borrowings outstanding was 3.0% and on our long-term debt outstanding was 4.6%. As of December 31, 2015, our weighted average interest rate on our short-term borrowings outstanding was 3.4% and on our long-term debt outstanding was 4.6%.

(5) Amounts are net of unamortized discounts and issuance costs of $32.8 million as September 30, 2016 and $35.9 million as of December 31, 2015.

(6) Long-term debt instruments are listed in order of priority.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including the Revolving Credit Facility discussed above, and the amounts available under our accounts receivable securitization programs.

(In millions)	September 30, 2016	December 31, 2015
Used lines of credit [1][2]	$ 332.2	$ 241.9
Unused lines of credit	985.5	1,039.9
Total available lines of credit[3]	$ 1,317.7	$ 1,281.8

(1) Includes total borrowings under the accounts receivable securitization programs, the revolving credit facility and borrowings under lines of credit available to several subsidiaries.

(2) As of September 30, 2016 and December 31, 2015, there were $55.0 million and $56.5 million of cash held on deposit, respectively, as a compensating balance for certain short-term borrowings, which is recorded in other current assets on the Condensed Consolidated Balance Sheet.

(3) Of the total available lines of credit, $884.7 million were committed as of September 30, 2016.

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Second Amended and Restated Syndicated Credit Facility ("Amended Credit Facility") contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum permitted ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Amended Credit Facility). We were in compliance with the above financial covenants and limitations at September 30, 2016.

Note 11 Derivatives and Hedging Activities

We report all derivative instruments on our Condensed Consolidated Balance Sheets at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes.

As a large global organization, we face exposure to market risks, such as fluctuations in foreign currency exchange rates and interest rates. To manage the volatility relating to these exposures, we enter into various derivative instruments from time to time under our risk management policies. We designate derivative instruments as hedges on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments offset in part or in whole corresponding changes in the fair value or cash flows of the underlying exposures being hedged. We assess the initial and ongoing effectiveness of our hedging relationships in accordance with our policy. We do not purchase, hold or sell derivative financial instruments for trading purposes. Our practice is to terminate derivative transactions if the underlying asset or liability matures or is sold or terminated, or if we determine the underlying forecasted transaction is no longer probable of occurring.

We record the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized.

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

The primary purpose of our cash flow hedging activities is to manage the potential changes in value associated with the amounts receivable or payable on equipment and raw material purchases that are denominated in foreign currencies in order to minimize the impact of the changes in foreign currencies. We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in other comprehensive income to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in cost of sales, on our Condensed Consolidated Statements of Operations. Cash flows from derivative financial instruments are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Net unrealized after-tax gains/losses related to these contracts that were included in other comprehensive income were $1.3 million gain and $0.8 million loss for the three and nine months ended September 30, 2016, respectively, and $2.9 million and $6.6 million gain for the three and nine months ended September 30, 2015. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

We estimate that $5.1 million of net unrealized derivative gains included in accumulated other comprehensive income (AOCI) will be reclassified into earnings within the next twelve months.

Foreign Currency Forward Contracts Not Designated as Hedges

Our subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purposes of our foreign currency hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies and to minimize the impact of the changes in foreign currencies related to foreign currency-denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these derivative contracts are recognized in other income, net, on our Condensed Consolidated Statements of Operations and are largely offset by the remeasurement of the underlying foreign currency-denominated items indicated above. Cash flows from derivative financial instruments are classified as cash flows from investing activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Interest Rate Swaps

From time to time, we may use interest rate swaps to manage our fixed and floating interest rates on our outstanding indebtedness. At September 30, 2016 and December 31, 2015, we had no outstanding interest rate swaps.

Interest Rate and Currency Swaps

In 2014, in connection with exercising the $100.0 million delayed draw under the senior secured credit facility, we entered into a series of interest rate and currency swaps in a notional amount of $100.0 million. On September 30, 2016, the first $20.0 million swap contract matured and was settled. As a result of the settlement, the Company received $4.9 million. These swaps convert the U.S. dollar-denominated variable rate obligation under the credit facility into a fixed 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.

Net Investment Hedge

During the second quarter of 2015, we entered into a series of foreign currency exchange forwards totaling €270.0 million. These foreign currency exchange forwards hedged a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates and expired in June 2015. The loss of $3.5 million ($2.2 million after tax) is recorded in AOCI on our Condensed Consolidated Balance Sheet.

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The fair value of the debt decreased by $0.8 million as of September 30, 2016 and is reflected in long-term debt on our Condensed Consolidated Balance Sheet.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425.0 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The fair value of this hedge as of September 30, 2016 decreased $29.2 million ($18.0 million after tax) on our Consolidated Balance Sheet. Semi-annual interest settlements resulted in AOCI of $9.6 million ($6.0 million after tax).

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, settlements and changes in fair values of the derivative instruments are recognized in unrealized net gains or loss on derivative instruments for net investment hedge, a component of AOCI, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other income, net on the Condensed Consolidated Statements of Operations.

Other Derivative Instruments

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency.

Fair Value of Derivative Instruments

See Note 12, “Fair Value Measurements and Other Financial Instruments,” for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

The following table details the fair value of our derivative instruments included on our Condensed Consolidated Balance Sheets.

	Cash Flow		Net Investment Hedge		Non-Designated		Total	
(In millions)	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Derivative Assets								
Foreign currency forward contracts	$ 4.2	$ 3.2	$ —	$ —	$ 6.3	$ 25.0	$ 10.5	$ 28.2
Interest rate and currency swaps	23.1	44.0	—	—	—	—	23.1	44.0
Total Derivative Assets	$ 27.3	$ 47.2	$ —	$ —	$ 6.3			