SEALED AIR CORP/DE
Form 10-K
February 21, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
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)
2415 Cascade Pointe Boulevard, Charlotte, North Carolina	28208
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (980)-221-3235
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 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
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 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 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.

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

Large accelerated filer	Accelerated filer	Emerging growth company
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

As of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2017, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $8,368,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 167,374,980 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of February 9, 2018.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2018 Annual Meeting of Stockholders, to be held on May 17, 2018, 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 information 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," "wi 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 I, 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.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: global economic and political conditions, currency translation and devaluation effects, changes in raw material pricing and availability, competitive conditions, the success of new product offerings, consumer preferences, the effects of animal and food-related health issues, pandemics, changes in energy costs, environmental matters, the success of our restructuring activities, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, changes in our credit ratings, the tax benefit associated with the Settlement agreement (as defined below), regulatory actions and legal matters, and the other information referenced in Part II, Item 1A, "Risk Factors." 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.

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" of the Notes to Consolidated Financial Statements and our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for reconciliations of our U.S. GAAP financial measures to non-U.S. GAAP. Information reconciling forward-looking U.S. GAAP measures to non-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 to be certain specified items ("Special Items"), such as restructuring charges, charges related to the sale of Diversey, charges related to ceasing operations in Venezuela, cash-settled stock appreciation rights ("SARs") granted as part of the original Diversey acquisition, special tax items ("Tax Special Items") and certain other infrequent or one-time 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.

The Company measures segment performance using 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 ("Adjusted Tax Rate"). The Adjusted 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 ("Tax Special Items"). 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 have not provided guidance for the most directly comparable U.S. GAAP financial measures, as they are not available without unreasonable effort due to the high variability, complexity, and low visibility with respect to certain Special Items, including gains and losses on the disposition of businesses, the ultimate outcome of certain legal or tax proceedings, foreign currency gains or losses resulting from the volatile currency market in Venezuela, and other unusual gains and losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP.

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 and product protection. We serve an array of end markets including food and beverage processing, food service, retail, 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.

Sealed Air was founded in 1960. We conduct substantially all of our business through two wholly-owned subsidiaries, Cryovac, Inc. and Sealed Air Corporation (US). 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, excep 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 58 countries/regions to reach customers in 122 countries/regions;
- approximately 15,000 employees representing industry-leading expertise in package design, sales, service and engineering and in food science;
- leading brands, such as Cryovac® packaging technology, Bubble Wrap® brand cushioning, Jiffy® protective mailers, Instapak® foam-in-place systems and I-Pack® and e-Cube™ automated packaging systems;
- technology leadership with an emphasis on proprietary, patented and sustainable technologies;
- high mix of automated solutions and services that eliminate waste;
- 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 2017, our operations generated approximately 49% of our revenue from outside the U.S. We generated net sales of $4.5 billion, net earnings from continuing operations of $63 million and Adjusted EBITDA of $833 million. Refer to Part II, Item 7 "Management's Discussion and Analysis of Financial Conditions and Results of Operations" for reconciliation of U.S. GAAP net earnings to Non-U.S. GAAP total company Adjusted EBITDA.

Our Competitive Strengths

Leading Market Positions. We are a leading global provider of packaging solutions for the food, e-Commerce, consumer and industrial markets. We offer the food processing and food service industries extended shelf life and operational excellence by reducing down-time, waste generation, water use, effluent discharge, energy consumption and greenhouse gas emissions. We also offer business supply distributors and fulfillment operations a broad selection of premium packaging to maximize distribution efficiencies and customer reach.

Scale and Global Reach. We have approximately 15,000 employees globally and are present in 58 countries/regions with a sales and distribution network reaching 122 countries/regions. 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, retailers, e-Commerce and logistics operators. Our customer base is diverse, with no single customer or affiliated group of customers representing more than 10% of net sales in 2017.

Keen Focus on Innovation. We believe we are a leading innovator in material science, equipment systems and manufacturing technologies, which deliver automation, productivity and sustainability enhancements in our customers' operations. Our solutions are differentiated by proprietary, patented equipment 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 industry application experts. Our research and development strategy is focused on delivering innovative, sustainable solutions

that enhance our customers' operational excellence, improve profitability and help them deliver outstanding customer experiences.

We partner with our Customers. We install and integrate our equipment into our customers' facilities and operational processes. We leverage our extensive knowledge of our customer business and installed equipment base when innovating new materials and solutions and partner with customers to reduce waste and 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, sustainability, growth of e-Commerce, healthier consumer choices, digital technologies, cost competitiveness and performance, 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 solutions that our customers use to improve performance, cost competitiveness and sustainability and automation to enhance productivity within their operations and grow their businesses 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 innovative 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.

Sustainability has been and will continue to be one of our key strategies to our business. Nearly everything we do for our customers has a sustainability value in the world, differentiates us from competitors and establishes our presence as a knowledge-based, solutions provider. Our 2020 sustainability objectives include significantly reducing our own footprint, re-imagining customer solutions and benefiting society.

Better aligning ourselves with the customers, markets and global macro forces.

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 macro forces, including e-commerce 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 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, e-Commerce, 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, strategic acquisitions, de-leverage 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

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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 talented new employees who are motivated by our company vision and the positive impact they can have on the world.

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"). As a result of the sale of Diversey, we have changed our segment reporting structure. The Food Care division now excludes the Food Hygiene and Cleaning business, which is included in discontinued operations, and includes our Medical Applications and New Ventures businesses, which were previously reported in the "Other" category. The Other category also previously included "Corporate" which is now its own category.

- Food Care (including Medical Applications and New Ventures businesses); and
- Product Care.

See Note 4, "Segments" of the Notes to Consolidated Financial Statements for further information.

Descriptions of the Reportable Segments and Other

Food Care Segment

Food Care

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 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, predominantly 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® trademark and under sub-brands such as Cryovac Grip & Tear®, Cryovac® Darfresh®, Cryovac Mirabella®, Simple Steps® and Optidure™.

Our solutions incorporate equipment systems that are frequently integrated into customers' operations, along with consumables such as advanced flexible films 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, Cryovac®, Flow-Vac® (a U.S. registered

trademark of Ulma Packaging Technological Center) wrapping/vacuuming packaging systems, thermoforming, skin, tray/lid and vertical pouch packaging systems. Services include graphic design, printing, training, field quality assurance and remote diagnostics.

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 seeks to partner with customers to provide integrated packaging solutions that will consistently deliver food safety, shelf life extension, total cost optimization and innovative, sustainable packaging formats which will enable our customers to enhance their brands in the marketplace.

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, knowledge-based and sustainable solutions.

Product Care Segment

Product Care provides the industries we serve with an unmatched range of sustainable packaging solutions designed to reduce shipping and fulfillment costs, increase operational efficiency, reduce damage, and enhance customer and brand experience. While serving a broad range of industries and market sectors, Product Care solutions are especially valuable to the E-Commerce Fulfillment, General Manufacturing, Electronics and Transportation sectors. The breadth of the Product Care portfolio, extensive packaging engineering and technical services, and global reach supports the needs of multinational customers who require performance excellence, consistency and a reliability of supply.

Solutions are marketed under industry-leading brands that include Bubble Wrap® and AirCap® air cellular packaging, Cryovac® performance shrink films, Shanklin® FloWrap shrink packaging systems, Instapak® polyurethane foam packaging systems, Jiffy® mailers, Korrvu® suspension and retention packaging and Ethafoam® fabricated foam solutions. The Company's I-Pack® system and newly introduced e-Cube™ system, both of which provide intelligent, automated, high-velocity fulfillment while optimizing the cube of shipping boxes, thus reducing shipping costs.

Solutions are sold globally and supported by a network of 28 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, original equipment manufacturers/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 solving complex fulfillment problems, sustainability, automation, advancements in material science, and ease-of-use interface and features. It is also focused on expanding its business outside of the U.S. to further capitalize on the rapidly growing e-Commerce and fulfillment markets.

Corporate

Corporate 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.

Global Operations

We operate through our subsidiaries and have a presence in the U.S. and the 57 other countries/regions listed below, enabling us to distribute our products to our customers in 122 countries/regions.

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

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 two years ended December 31, 2017 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/regions in which we operate. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the caption “Environmental Matters.”

Employees

As of December 31, 2017, we had approximately 15,000 employees worldwide. Approximately 5,800 of these employees were in the U.S., with approximately 112 of these employees covered by collective bargaining agreements. Of the approximately 9,200 employees who were outside the U.S., approximately 5,400 were covered by collective bargaining agreements. Collective bargaining agreements related to 15% of our employees, primarily outside the U.S., will expire within the next year and we will be engaged in negotiations to attain new agreements. 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, 2017, we employed approximately 2,300 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 35 industrial Package Design Centers (PDCs) worldwide within our facilities. These PDCs are staffed with

professional

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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 are sold through business supply distributors.

We have no material long-term contracts for the distribution of our products. In 2017, 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 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 and (ii) barrier trays for case-ready meat products in the principal geographic areas in which we offers those trays.

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, wood blocking and bracing systems, and a portfolio of automated packaging and fulfillment 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. Additionally, due to internal technology development investments and the acquisition of B+ Equipment in 2015, we are a leader in automated void reduction systems technology and automated mailer technology. The recent acquisition of Fagerdala in 2017 enables us to cater to the top leading computer manufacturers through fabricated foam solutions.

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Raw Materials and Purchasing

Suppliers provide raw materials, packaging components, contract manufactured goods, equipment and other direct materials, such as inks, films and paper. Our principal raw materials are polyolefin and other petrochemical-based resins, as well as, paper and wood pulp products. Raw materials represent approximately one-third 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, 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.

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 purchase 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 purchasing 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 purchasing and logistic activities. Our objective is to leverage our global scale to achieve purchasing efficiencies and reduce our total delivered cost across all our regions. We do this while adhering to strategic performance metrics and stringent purchasing practices.

Research and Development Activities

We are advancing the science and technology and creating new intellectual property which underpins the development of new solutions for our customers, including new, sustainable packaging materials, equipment automation and integration, applications knowledge, and support for our digital solutions. We maintain key external partnerships and are constantly searching for new partnerships that bring unique value, including licensing or acquiring new technologies developed by others. Our technical capabilities encompass a broad range of disciplines including the areas of food science, materials science, chemistry and chemical engineering, mechanical engineering, electrical and software engineering, microbiology, package design and equipment engineering. Our research and development expense was $92 million in 2017, $88 million in 2016 and $85 million in 2015.

Our research and development activities are focused on end-use application. As a result, we operate:

- three comprehensive Packaging Development and Innovation laboratories located in the U.S. and Italy;
- seven Equipment Design Centers in the U.S., France, Switzerland, Italy and Singapore targeting innovation in equipment and digital solutions;
- four Customer Application laboratories in India, China, Singapore and Taipei; and
- thirty-five Package Design and Applications Centers for Product Care globally.

Patents and Trademarks

We are the owner or licensee of an aggregate of over approximately 2,600 U.S. and foreign patents and patent applications, as well as an aggregate of approximately 4,200 U.S. 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 approximately 180 U.S. and foreign patent applications and approximately 100 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/regions, 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. 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, consolidated 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 Reports 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 58 countries/regions, and our products are distributed to 122 countries/regions around 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. These operations, particularly 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.

Fluctuations between foreign currencies and the U.S. dollar could materially impact our consolidated financial condition or results of operations.

Approximately 49% of our net sales in 2017 were generated outside the U.S. We translate sales and other results denominated in foreign currency into U.S. dollars for our Consolidated Financial Statements. As a result, the Company is exposed to currency fluctuations both in receiving cash from its international operations and in translating its financial results back to U.S. dollars. 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. Foreign exchange rates can also impact the competitiveness of products produced in certain jurisdictions and exported for sale into other jurisdictions. These changes may impact the value received for the sale of our goods versus those of our competitors. The Company cannot predict the effects of exchange rate fluctuations on its future operating results. As exchange rates vary, the Company's results of operations and profitability may be harmed. 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” of the Notes to Consolidated Financial Statements. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial effect resulting from foreign currency variations. The gains or losses associated with hedging activities may harm the Company's results of operations.

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.

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 Note 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards” of the Notes to Consolidated Financial Statements under the section “Impact of Inflation and Currency Fluctuation— Venezuela.”

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. While, historically we have been able to successfully manage the impact of higher raw material costs by increasing our selling prices, 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 customer 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.

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 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. 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.

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, consolidated 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, consolidated 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 business, consolidated financial condition and results of operations.

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/regions. 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.

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.

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 liabilities claims could be excluded or exceed coverage limits under the terms of our insurance policies or could result in increased costs for such coverage.

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

We have implemented a number of restructuring programs in the last few years. 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 savings 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 consolidated results of operations and cash flows could be adversely affected or our business operations could be disrupted.

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/regions 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.

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.

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 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 time 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;
- 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, 2017, we had $226 million 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 $0.3 million increase or 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.

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 state and foreign net operating loss carryforwards, foreign tax credits, accruals not yet deductible for tax purposes, employee benefit items and other items. We have established valuation allowances to reduce the deferred tax assets to an amount that is more likely than not to be realized. Our ability to utilize the deferred tax assets depends in part upon our ability to generate future taxable income within each respective jurisdiction 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 the assets over an extended period. If we are unable to generate sufficient future taxable income in the U.S. and/or 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 effective tax rate would increase if we were required to increase our valuation allowances against our deferred tax assets.

A significant deferred tax asset is our foreign tax credit carryforwards. The benefit from the amount carried forward may depend upon many factors, including the jurisdictional mix of our anticipated future earnings. A reduction in our anticipated U.S. earnings, or an unfavorable mix of domestic versus foreign-sourced U.S. earnings may change our foreign tax credit position which 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.

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 were 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 appeared 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 was not a party to the Settlement agreement, under the terms of the order, Grace was directed by the Bankruptcy Court 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 provided for the establishment of two asbestos trusts under Section 524(g) of the U.S. Bankruptcy Code to which present and future asbestos-related personal injury and property damage claims are channeled. The Plan incorporated 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 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.

From November 2004, the Company and specified subsidiaries were 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 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 U.S. 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 were 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. The remaining actions were either dismissed or discontinued with prejudice by the Canadian courts as against the Grace parties in May and June 2015, but for two actions in the Province of Quebec, which were discontinued by order of the Quebec court in February 2016. 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 damages, which we cannot estimate at this time. For further information concerning these matters, see Note 17, "Commitments and Contingencies" of the Notes to Consolidated Financial Statements.

The U.S. Internal Revenue Service (the "IRS") has indicated that it intends to disallow our deduction of the approximately $1.49 billion for the payments made pursuant to the Settlement agreement (as defined in Note 17, "Commitments and Contingencies").

We are currently under examination by the IRS with respect to the deduction of the approximately $1.49 billion for the 2014 taxable year for the payments made pursuant to the Settlement agreement. The IRS has indicated that it intends to disallow this deduction in full. We strongly disagree with the IRS position and are protesting this finding with the IRS. The resolution of the IRS's challenge could take several years and the outcome cannot be predicted. Nevertheless, we believe that we have meritorious defenses for the deduction of the payments made pursuant to the Settlement agreement. If the IRS's disallowance of the deduction were sustained, in whole or in part, we would have to remit all or a portion of the refund of taxes previously received, which, in turn, could have a material adverse effect on our consolidated financial condition and results of operations. For further information concerning this matter, see Note 17, "Commitments and Contingencies" of the Notes to Consolidated Financial Statements.

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.

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, interpretations and clarifications of recently enacted U.S. tax legislation, 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 consolidated 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 2017, 2016 or 2015; 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. 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.

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. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in countries where we do business. Additional changes in tax laws could increase our overall taxes and our business, consolidated financial condition or results of operations could be adversely effected in a material way. 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.

U.S. federal income tax reform could adversely affect us.

The 2017 Tax Cuts and Jobs Act (the "TCJA"), which was enacted on December 22, 2017, significantly affects U.S. tax law by changing how the U.S. imposes income tax on multinational corporations. The TCJA, among other things, reduces the U.S. corporate income tax rate from 35% to 21%, creates a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries, and creates a new tax on certain foreign earnings. We continue to examine the impact the TCJA may have on our business. The TCJA requires complex computations not previously provided in U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the TCJA and the accounting for such provisions require the accumulation of information not previously required or regularly produced. As a result, and in conjunction with the complexity of the tax implications associated with the sale of Diversey, we are in the process of quantifying the mandatory tax on previously deferred foreign earnings of our U.S. subsidiaries. This amount could have a material adverse effect on our consolidated financial position, results of operations and/or statement of cash flows.

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, 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.

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.

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 are 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/regions 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/regions in which we operate, we may not be successful in asserting trademark or trade name protection. In addition, the laws of some foreign countries/regions 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.

As a result of acquisitions we may record a significant amount of goodwill and other identifiable intangible assets and we may never realize the full carrying value of the related assets.

As a result of acquisitions we record a significant amount of 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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We manufacture products in 94 facilities, with 15 of those facilities serving more than one of our business segments and our Medical and Other categories of products. The geographic dispersion of our manufacturing facilities is as follows:

Geographic Region	Number of Manufacturing Facilities
North America	32
Europe, Middle East and Africa ("EMEA")	26
Latin America	10
Asia, Australia and New Zealand ("APAC")	26
Total	94

Manufacturing Facilities by Reportable Segment and Other

Food Care: We produce Food Care products in 37 manufacturing facilities, of which 8 are in North America, 12 in EMEA, 8 in Latin America, 9 in APAC.

Product Care: We produce Product Care products in 72 manufacturing facilities, of which 27 are in North America, 20 in EMEA, 3 in Latin America, 22 in APAC.

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/regions. Some of these facilities are located on the manufacturing sites that we own and some of these are leased. Stand-alone facilities of these types are generally leased. Our global headquarters is located in an owned property in Charlotte, North Carolina. For a list of those countries/regions outside of the U.S. where we have operations, see "Foreign Operations" above. Our website, www.sealedair.com, contains additional information about our worldwide business.

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 Note 17, “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements under the caption “Cryovac Transaction Commitments and Contingencies” is incorporated herein by reference.

At December 31, 2017, 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, 2017, 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.

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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, 2018, 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.

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

Name and Current Position	Age as of January 31, 2018	First Elected to Current Position	First Elected an Officer
Edward L. Doheny II President, Chief Executive Officer and Director	55	2018	2017
Emile Z. Chammas Senior Vice President	49	2010	2010
Kenneth P. Chrisman Senior Vice President	53	2014	2014
Karl R. Deily Senior Vice President	60	2006	2006
William G. Stiehl Acting Chief Financial Officer, Chief Accounting Officer and Controller	56	2013	2013

Mr. Doheny joined Sealed Air as Chief Operating Officer and CEO-Designate in September 2017 and was elected a Director of Sealed Air Corporation. He became President and CEO effective January 1, 2018. Prior to joining the Company in September 2017, Mr. Doheny served as President and Chief Executive Officer and a Director of Joy Global Inc. from December 2013 through May 2017. Mr. Doheny also served as the Executive Vice President of Joy Global and President and Chief Operating Officer of its Underground Mining Machinery business from 2006 to 2013, where he had global responsibility for the company's underground mining machinery business. Prior to joining Joy Global, Mr. Doheny had a 21-year career with Ingersoll-Rand Corporation holding a series of senior executive positions of increasing responsibility, including President of Industrial Technologies from 2003 to 2005 and as President of the Air Solutions Group from 2000 to 2003.

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 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 29 years.

Effective October 31, 2017, the Company appointed Mr. Stiehl as Acting Chief Financial Officer. 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.

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 2017 and 2016.

2017	High	Low	Dividend
First Quarter	$50.22	$43.30	$ 0.16
Second Quarter	46.41	42.30	0.16
Third Quarter	46.12	41.72	0.16
Fourth Quarter	49.66	43.01	0.16

2016	High	Low	Dividend
First Quarter	$48.53	$38.36	$ 0.13
Second Quarter	52.68	43.55	0.16
Third Quarter	49.41	45.11	0.16
Fourth Quarter	48.84	42.45	0.16

As of February 9, 2018, there were approximately 4,261 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 2010.

	Total Cash Dividends Paid	Total Cash Dividends Paid per Common Share
	(In millions)	
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
2015	106.8	0.52
2016	121.6	0.61
2017	119.7	0.64
Total	$ 829.0	

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, 2017, the cumulative total return on an investment of $100 assumed to have been made on December 31, 2012 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 ("Peer Group").

The Peer Group includes us and the following companies: AptarGroup, Inc.; Ashland Global Holdings Inc.; Avery Dennison Corporation; Axalta Coating Systems Ltd.; Ball Corporation; Bemis Company, Inc; Berry Global Group, Inc.; Celanese Corporation; Crown Holdings, Inc.; Greif, Inc.; Graphic Packaging Holding Company; Maple Leaf Foods Inc.; Owens-Illinois, Inc.; Packaging Corporation of America; PolyOne Corporation; Silgan Holdings Inc.; and Sonoco Products Company.

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, 2017, 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[(i)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
	(a)	(b)	(c)	(d)
Balance as of September 30, 2017				$ 1,490,004,316
October 1, 2017 through October 31, 2017	6,691	—	—	1,490,004,316
November 1, 2017 through November 30, 2017	9,580,524	44.99	9,575,792	1,057,017,974
December 1, 2017 through December 31, 2017	2,299,461	48.58	2,263,800	947,060,470
Total	11,886,676		11,839,592	$ 947,060,470

(i) We acquired shares by means of (i) a share trading plan we entered into with our brokers and pursuant to our publicly announced program (described below), (ii) accelerated share repurchase programs we entered into or terminated during the quarter, (iii) 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 minimum tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (iv) 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. For shares withheld for minimum 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	Average withholding price for shares in column “a”	Forfeitures under Omnibus Incentive Plan	Total
	(a)	(b)	(c)	(d)
October 2017	1,647	$ 44.16	5,044	6,691
November 2017	—	—	4,732	4,732
December 2017	35,661	49.30	—	35,661
Total	37,308		9,776	47,084

On July 9, 2015, the Board of Directors authorized a new stock repurchase program to repurchase up to $1.5 billion of the Company’s issued and outstanding common stock. This new program replaced the previous stock repurchase program approved in August 2007. On March 25, 2017, the Board of Directors further authorized up to an additional $1.5 billion of repurchases of the Company’s outstanding common stock under such program. This program has no set expiration date.

Item 6. Selected Financial Data

	Year Ended December 31,				
(In millions, except share data)	2017	2016	2015	2014	2013
Consolidated Statements of Operations Data[3]:					
Net sales	$4,461.6	$4,211.3	$4,410.3	$4,875.0	$4,825.8
Gross profit	1,417.2	1,404.9	1,455.2	1,438.3	1,360.0
Operating profit	596.0	631.4	617.4	553.8	520.0
Loss on debt redemption	—	(0.1)	(110.0)	(102.5)	(36.3)
Earnings from continuing operations before income tax provision	393.3	387.9	291.4	186.4	104.1
Net earnings (loss) from continuing operations	62.8	292.3	158.8	164.6	13.4
Gain on sale of discontinued operations, net of taxes[1][2]	640.7	—	—	—	22.9
Net earnings from discontinued operations, net of tax[1][2]	111.4	194.1	176.6	93.5	89.5
Net earnings available to common stockholders	$814.9	$486.4	$335.4	$258.1	$125.8
Basic and diluted net earnings (loss) per common share:					
Basic					
Continuing operations	$0.34	$1.50	$0.78	$0.78	$0.07
Discontinued operations[1][2]	3.99	0.99	0.85	0.44	0.58
Net earnings per common share—basic	$4.33	$2.49	$1.63	$1.22	$0.65
Diluted					
Continuing operations	$0.33	$1.48	$0.77	$0.77	$0.06
Discontinued operations[1][2]	3.96	0.98	0.85	0.43	0.52
Net earnings per common share—diluted	$4.29	$2.46	$1.62	$1.20	$0.58
Dividends per common share	$0.64	$0.61	$0.52	$0.52	$0.52
Consolidated Balance Sheets Data:					
Total assets	$5,280.3	$7,415.5	$7,395.1	$7,912.0	$9,132.3
Settlement agreement and related accrued interest	—	—	—	—	925.1
Long-term debt, less current portion[1][2]	3,230.5	3,762.6	4,076.7	4,014.1	3,920.6
Total stockholders' equity	152.3	609.7	527.0	1,162.8	1,416.3
Consolidated Cash Flows Data[3]:					
Net cash provided by (used in) operating activities	$424.4	$906.9	$982.1	$(218.8)	$640.4
Net cash provided by (used in) investing activities	1,813.6	(314.8)	(60.0)	(126.3)	(113.9)
Net cash used in financing activities	(1,864.3)	(540.9)	(788.7)	(321.2)	(319.9)
Other Financial Data:					
Depreciation and amortization	$149.3	$214.0	$213.3	$107.5	$120.5
Share-based incentive compensation	44.9	59.9	61.2	46.4	24.1
Capital expenditures	(183.8)	(275.7)	(184.0)	129.7	102.3

(1) Operating results for the Diversey Care division and the Food Hygiene and Cleaning business within our Food Care division were reclassified to discontinued operations in 2013 through the sale on September 6, 2017. The related assets and liabilities were reclassified to assets and liabilities held for sale as of December 31, 2013. See Note 3, "Discontinued Operations, Divestitures and Acquisitions," of the Notes to Consolidated Financial Statements for further information about the sale of the Diversey Care division and the Food Hygiene and Cleaning business within our Food Care division.

(2) Operating results for the rigid medical packaging business were reclassified to discontinued operations in 2013. See Note 3, "Discontinued Operations, Divestitures and Acquisitions," of the Notes to Consolidated Financial Statements in our previously filed Form 10-K for the year ended December 31, 2013 for further information about the sale of our rigid medical packaging business in 2013.

(3)

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, 2017.

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 March 25, 2017, we entered into a definitive agreement to sell the Diversey Care division and the Food Hygiene and Cleaning business within the Food Care division (collectively "Diversey"). The sale of Diversey was completed on September 6, 2017. The net assets of Diversey met the criteria to be classified as "held for sale" for the period ended December 31, 2016. Results of operations for Diversey are reported as discontinued operations in all periods presented. See Note 3, "Discontinued Operations, Divestitures and Acquisitions" of the Notes to the Consolidated Financial Statements for further information.

The Company's segment reporting structure now consists of two reportable segments and a Corporate category as follows:

- Food Care (including Medical Applications and New Ventures businesses); and
- Product Care.

The Company's Food Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products and management team. Corporate 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.

See Note 4, "Segments" of the Notes to the Consolidated Financial Statements for further information.

Overview

We are a global leader in food safety and security 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, employees and investors. We have widely recognized and inventive brands such as Cryovac® packaging technology, and our Bubble Wrap® brand cushioning, Jiffy® protective mailers, and Instapak® foam-in-place systems.

As of December 31, 2017, we employed approximately 2,300 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, food service 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 2017, 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 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 tends 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. 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.

Recent Events and Trends

On October 2, 2017, the Product Care Division acquired Fagerdala Singapore Pte Ltd., a manufacturer and fabricator of polyethylene foam for approximately $100 million in cash. Refer to Note 3, “Discontinued Operations, Divestitures and Acquisitions,” of the Notes to the Consolidated Financial Statements for additional information on the acquisition.

On December 22, 2017, U.S. federal legislation, commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"), was signed into law, significantly reforming tax law by changing how the U.S. imposes income tax on multinational corporations. The TCJA, among other things, reduces the U.S. corporate income tax rate from 35% to 21%, creates a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries, and creates new taxes on certain foreign earnings. Refer to Note 16, “Income Taxes” of the Notes to the Consolidated Financial Statements for additional information on the TCJA.

The Company was a party in an anti-trust class-action litigation settlement that approved a distribution to the Company of net proceeds of approximately $13 to $15 million, with the majority expected to be received in early 2018, and any remaining balance upon subsequent Court order.

Highlights of Financial Performance

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

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions, except per share amounts)	2017	2016	2015	% Change	% Change
Net sales	$4,461.6	$4,211.3	$4,410.3	5.9 %	(4.5)%
Gross profit	$1,417.2	$1,404.9	$1,455.2	0.9 %	(3.5)%
As a % of net sales	31.8 %	33.4 %	33.0 %		
Operating profit	$596.0	$631.4	$617.4	(5.6)%	2.3 %
As a % of net sales	13.4 %	15.0 %	14.0 %		
Net earnings from continuing operations	$62.8	$292.3	$158.8	(78.5)%	84.1 %
Gain loss on discontinued operations, net of taxes	$640.7	$—	$—	100.0 %	— %
Net earnings from discontinued operations, net of taxes	$111.4	$194.1	$176.6	(42.6)%	9.9 %
Net earnings available to common stockholders	$814.9	$486.4	$335.4	67.5 %	45.0 %
Basic:					
Continuing operations	$0.34	$1.50	$0.78	(77.3)%	92.3 %
Discontinued operations	3.99	0.99	0.85	303.0 %	16.5 %
Net earnings per common share - basic	$4.33	$2.49	$1.63	73.9 %	52.8 %
Diluted:					
Continuing operations	$0.33	$1.48	$0.77	(77.7)%	92.2 %
Discontinued operations	3.96	0.98	0.85	304.1 %	15.3 %
Net earnings per common share - diluted	$4.29	$2.46	$1.62	74.4 %	51.9 %
Weighted average number of common shares outstanding:					
Basic	186.9	194.3	203.9		
Diluted	188.9	197.2	206.7		
Non-U.S. GAAP Adjusted EBITDA from continuing operations[1]	$833.3	$809.2	$850.1	3.0 %	(4.8)%
Non-U.S. GAAP Adjusted EPS from continuing operations[2][3]	$1.81	$1.70	$1.84	6.5 %	(7.6)%

(1) See Note 4, “Segments” of the Notes to Consolidated Financial Statements for a reconciliation of U.S. GAAP net earnings to Non-U.S. GAAP Adjusted EBITDA.

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

(3) Represents U.S. GAAP EPS adjusted for the net effect of Special Items, which are certain specified infrequent, non-operational or one-time costs/credits.

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 from continuing operations.

	Year Ended December 31,					
	2017		2016		2015	
(In millions, except per share data)	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net earnings and EPS available to common stockholders from continuing operations[1]	$62.8	$0.33	$292.3	$1.48	$158.8	$0.77
Special Items[2]	279.8	1.48	42.4	0.22	221.1	1.07
Non-U.S. GAAP adjusted net earnings and adjusted EPS available to common stockholders from continuing operations	$342.6	$1.81	$334.7	$1.70	$379.9	$1.84
Weighted average number of common shares outstanding – Diluted		188.9		197.2		206.7

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

(2) Special Items include the following:

	Year Ended December 31,		
(In millions, except per share data)	2017	2016	2015
Special Items:			
Restructuring and other charges[1]	$(12.1)	$(2.5)	$(48.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(14.3)	(19.8)	(25.7)
SARs	2.6	(0.7)	(3.9)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(1.7)	(27.2)
Charges related to ceasing operations in Venezuela[1]	—	(48.5)	—
Loss on debt redemption and refinancing activities	—	(0.1)	(110.0)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	—	(1.8)	13.4
Charges related to acquisitions and divestitures and the sale of property, plant and equipment	(15.5)	—	—
Charges incurred related to the sale of Diversey	(68.6)	(1.4)	—
Settlement/curtailment benefits related to the sale of Diversey pension plans	13.5	—	—
Other Special Items[2]	(3.1)	(0.6)	(1.2)
Pre-tax impact of Special Items	$(97.5)	$(77.1)	$(203.3)
Tax impact of Special Items and Tax Special Items[3]	(182.3)	34.7	(17.8)
Net impact of Special Items	$(279.8)	$(42.4)	$(221.1)
Weighted average number of common shares outstanding - Diluted	188.9	197.2	206.7
Earnings per share impact from Special Items	$(1.48)	$(0.22)	$(1.07)

(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 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards" of the Notes to the Consolidated Financial Statements for further details.

(2) Other Special Items for the year ended December 31, 2017 primarily included transaction costs related to reorganizations. Other Special Items for the year ended December 31, 2016 primarily included legal fees associated with restructuring and immaterial divestitures and acquisitions partially offset by a reduction in a non-income tax

reserve following the completion of a governmental audit. Other Special Items for the year ended December 31, 2015 primarily included legal fees associated with restructuring and acquisitions.

(3) Refer to Note 1 of the following table for a description of Tax Special Items.

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

	Year Ended December 31,		
(In millions, except per share data)	2017	2016	2015
U.S. GAAP Earnings before income tax provision	$393.3	$387.9	$291.4
Pre-tax impact of Special Items	(97.5)	(77.1)	(203.3)
Non-U.S. GAAP Adjusted Earnings before income tax provision	$490.8	$465.0	$494.7
U.S. GAAP Income tax provision	$330.5	$95.6	$132.6
Tax Special Items[1]	(208.1)	23.7	(73.6)
Tax impact of Special Items[2]	25.8	11.0	55.8
Non-U.S. GAAP Adjusted Income tax provision	$148.2	$130.3	$114.8
U.S. GAAP Effective income tax rate	84.0 %	24.6 %	45.5 %
Non-U.S. GAAP Adjusted income tax rate	30.2 %	28.0 %	23.2 %

(1) For the year ended December 31, 2017, the Tax Special Items include the impact of the sale of Diversey, the revaluation of deferred tax assets as a result of U.S. Tax Reform and an increase in unrecognized tax benefits in foreign jurisdictions. For the year ended December 31, 2016, the Tax Special Items included adjustments to foreign tax credits and a change in the permanent reinvestment assertion in some of our foreign jurisdictions (i.e. a change in our repatriation of foreign earnings strategy). For the year ended December 31, 2015, the Tax Special Items included an increase in unrecognized tax benefits related to the Settlement Agreement.

(2) The tax rate used to calculate the tax impact of Special Items is based on the jurisdiction in which the charge was recorded.

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, the Mexican peso and the Venezuelan bolivar.

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

(In millions)	2017 vs. 2016	2016 vs. 2015
Net sales	$29.9	$(124.9)
Cost of sales	(22.5)	85.6
Selling, general and administrative expenses	(4.9)	20.8
Net earnings	(0.9)	17.0
Adjusted EBITDA	4.9	(39.1)

Net Sales by Geographic Region

The following tables present the components of the change in net sales by geographic region for the year ended December 31, 2017 compared with 2016 and for the year ended December 31, 2016 compared with 2015. 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)	North America		EMEA		Latin America		APAC		Total	
2016 net sales	$2,237.8	53.1%	$962.7	22.9%	$396.8	9.4%	$614.0	14.6%	$4,211.3	
Volume – Units	161.4	7.2%	12.9	1.3%	5.9	1.5%	8.6	1.4%	188.8	4.5%
Price/mix[1]	12.9	0.6%	(7.9)	(0.8)%	4.0	1.0%	(1.0)	(0.2)%	8.0	0.2%
Acquisition	—	—%	—	—%	—	—%	23.6	3.8%	23.6	0.6%
Total constant dollar change (Non-U.S. GAAP)	174.3	7.8%	5.0	0.5%	9.9	2.5%	31.2	5.0%	220.4	5.2%
Foreign currency translation	2.9	0.1%	17.0	1.8%	2.6	0.7%	7.4	1.2%	29.9	0.7%
Total change (U.S. GAAP)	177.2	7.9%	22.0	2.3%	12.5	3.2%	38.6	6.2%	250.3	5.9%
2017 net sales	$2,415.0	54.1%	$984.7	22.1%	$409.3	9.2%	$652.6	14.6%	$4,461.6	

(In millions)	North America		EMEA		Latin America		APAC		Total	
2015 net sales	$2,315.3	52.5%	$1,033.1	23.4%	$423.3	9.6%	$638.6	14.5%	$4,410.3	
Volume – Units	68.8	3.0%	20.8	2.0%	(27.1)	(6.4)%	(15.7)	(2.6)%	46.8	1.2%
Price/mix[1]	(88.5)	(3.8)%	(0.4)	—%	72.2	17.1%	(2.7)	(0.4)%	(19.4)	(0.4)%
Divestitures	(52.9)	(2.3)%	(48.6)	(4.7)%	—	—%	—	—%	(101.5)	(2.3)%
Total constant dollar change (Non-U.S. GAAP)	(72.6)	(3.1)%	(28.2)	(2.6)%	45.1	10.7%	(18.4)	(2.9)%	(74.1)	(1.6)%
Foreign currency translation	(4.9)	(0.3)%	(42.2)	(4.2)%	(71.6)	(16.9)%	(6.2)	(1.0)%	(124.9)	(2.9)%
Total change (U.S. GAAP)	(77.5)	(3.3)%	(70.4)	(6.8)%	(26.5)	(6.2)%	(24.6)	(3.9)%	(199.0)	(4.5)%
2016 net sales	$2,237.8	53.1%	$962.7	22.9%	$396.8	9.4%	$614.0	14.5%	$4,211.3	

(1) Our 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 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 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.

Net Sales by Segment

The following tables present the components of change in net sales by our segment reporting structure for 2017 compared with 2016 and 2016 compared with 2015. 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		Product Care		Total Company	
2016 Net Sales	$2,686.8	63.8%	$1,524.5	36.2%	$4,211.3	
Volume – Units	102.6	3.8 %	86.2	5.7 %	188.8	4.5%
Price/mix[1]	(0.7)	— %	8.7	0.6 %	8.0	0.2%
Acquisition	—	— %	23.6	1.5 %	23.6	0.6%
Total constant dollar change (Non-U.S. GAAP)	101.9	3.8 %	118.5	7.8 %	220.4	5.2%
Foreign currency translation	26.5	1.0 %	3.4	0.2 %	29.9	0.7%
Total change (U.S. GAAP)	128.4	4.8 %	121.9	8.0 %	250.3	5.9%
2017 Net Sales	$2,815.2	63.1%	$1,646.4	36.9%	$4,461.6	

(In millions)	Food Care		Product Care		Total Company	
2015 Net Sales	$2,856.1	64.8 %	$1,554.2	35.2 %	4,410.3	
Volume – Units	25.5	0.9 %	21.3	1.4 %	$46.8	1.2 %
Price/mix[1]	9.3	0.3 %	(28.7)	(1.8)%	(19.4)	(0.4)%
Divestitures	(101.5)	(3.6)%	—	— %	(101.5)	(2.3)%
Total constant dollar change (Non- U.S. GAAP)	(66.7)	(2.3)%	(7.4)	(0.5)%	(74.1)	(1.6)%
Foreign currency translation	(102.6)	(3.6)%	(22.3)	(1.4)%	(124.9)	(2.9)%
Total change (U.S. GAAP)	(169.3)	(5.9)%	(29.7)	(1.9)%	(199.0)	(4.5)%
2016 Net Sales	$2,686.8	63.8 %	$1,524.5	36.2 %	$4,211.3	

(1) Our 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 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.

Food Care

2017 compared with 2016

As reported, net sales increased $128 million, or 5%, in 2017 compared with 2016, of which $27 million was due to positive currency impact. On a constant dollar basis, net sales increased $102 million, or 4%, in 2017 compared with 2016 primarily due to the following:

- higher unit volumes of $117 million, reflecting an increase in North America on strong demand of protein packaging and more modest increases in EMEA and Latin America.

This was partially offset by:

- lower unit volumes in APAC of $14 million primarily due to the continuation of historically low slaughter rates in Australia; and
- unfavorable price/mix of $1 million.

2016 compared with 2015

As reported, net sales decreased $169 million, or 6%, in 2016 compared with 2015, of which $103 million was due to negative currency impact. On a constant dollar basis, net sales decreased $67 million, or 2%, in 2016 compared with 2015 primarily due to the following:

- the divestiture of our North American foam trays and absorbent pads and European food trays businesses of $102 million; and

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- lower unit volumes of $39 million, reflecting continued economic uncertainty and social and political instability in Latin America, and lower demand in Asia Pacific driven by historically low slaughter rates in Australia.

These were partially offset by:

- higher unit volumes of $64 million, in North America and EMEA combined with strong demand within our core product portfolio, adoption of new products and increased market penetration of advanced packaging solutions; and
- favorable price/mix of $9 million reflecting an increase in Latin America and EMEA, primarily due to pricing initiatives implemented to offset currency devaluation, a favorable mix of new higher margin products and the implementation of value-added pricing initiatives and non-material inflationary costs, which was partially offset by unfavorable price/mix in North America primarily attributable to the timing of formula pricing adjustments at key customers.

Product Care

2017 compared with 2016

As reported, net sales increased $122 million, or 8%, in 2017 compared with 2016, of which $3 million was due to positive currency impact. On a constant dollar basis, net sales increased $119 million, or 8%, in 2017 compared with 2016 primarily due to the following:

- incremental sales resulting from the acquisition of Fagerdala in Singapore of $24 million;
- higher unit volumes of $86 million across all regions, primarily in North America due to ongoing strength in the e-Commerce and third party logistics markets as well as increased volume units in APAC; and
- favorable price/mix of $9 million.

2016 compared with 2015

As reported, net sales decreased $30 million, or 2%, in 2016 compared with 2015, of which $22 million was due to negative currency impact. On a constant dollar basis, net sales decreased $7 million, or 1%, in 2016 compared with 2015 primarily due to the following:

- lower unit volumes of $39 million primarily due to rationalization and weakness in the industrial sector, as well as declines in Latin America due to the political and economic environment; and
- unfavorable price/mix of $29 million primarily in North America driven by targeted pricing incentives and an unfavorable product mix related to accelerated growth in e-Commerce and a shift in demand due to more innovative, resource-efficient solutions.

This was partially offset by:

- higher unit volumes of $64 million, primarily in North America and EMEA due to ongoing strength in the e-Commerce and third party logistics markets.

Cost of Sales

Cost of sales for three years ended December 31, were as follows:

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	% Change	% Change
Net sales	$4,461.6	$4,211.3	$4,410.3	5.9 %	(4.5)%
Cost of sales	3,044.4	2,806.4	2,955.1	8.5 %	(5.0)%
As a % of net sales	68.2 %	66.6 %	67.0 %		

2017 compared with 2016

As reported, cost of sales increased by $238 million, or 8%, in 2017 as compared to 2016. Cost of sales was impacted by unfavorable foreign currency translation of $23 million. On a constant dollar basis, cost of sales increased $215 million, or

8%, primarily due to higher raw material costs on increased sales volumes, non-material inflation and freight costs and increase costs due to acquisitions.

2016 compared with 2015

As reported, costs of sales decreased $149 million, or 5%, in 2016 as compared to 2015. Cost of sales was impacted by favorable foreign currency translation of $86 million. On a constant dollar basis, cost of sales decreased $63 million, or 2%, primarily due to the divestiture of the North American foam trays and absorbent pads business and European food trays business of $79 million. This was partially offset by an increase in expenses representing higher non-material manufacturing and direct costs, including salary and wage inflation, partially offset by restructuring savings and lower incentive based compensation.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for three years ended December 31, are included in the table below.

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	% Change	% Change
Selling, general and administrative expenses	$796.0	$755.7	$778.0	5.3 %	(2.9)%
As a % of net sales	17.8 %	17.9 %	17.6 %		

2017 compared with 2016

As reported, SG&A expenses increased $40 million, or 5%, in 2017 as compared to 2016. SG&A expenses were impacted by unfavorable foreign currency translation of $5 million. On a constant dollar basis, SG&A expenses increased $35 million, or 5%, primarily related to salary and wage inflation.

2016 compared with 2015

As reported, SG&A expenses decreased $22 million, or 3%, in 2016 as compared to 2015. SG&A expenses were impacted by favorable foreign currency translation of $21 million. On a constant dollar basis, SG&A expenses were essentially the same as in the prior year, reflecting restructuring savings and lower incentive-based compensation, which more than offset salary inflation and targeted investments in sales and marketing.

Amortization Expense of Intangible Assets Acquired

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

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	% Change	% Change
Amortization expense of intangible assets acquired	$13.1	$15.0	$11.1	(12.7)%	35.1 %
As a % of net sales	0.3 %	0.4 %	0.3 %		

From 2017 to 2016 amortization expense of intangible assets was minimally impacted by foreign currency translation. On a constant dollar basis, amortization expenses decreased $2 million, or 12%, primarily related to assets which were separated as part of the sale of Diversey. The increase from 2016 to 2015 was primarily due primarily related to increases in capitalized software due to the rollout of an ERP system.

Restructuring Activities

See Note 9, "Restructuring and Relocation Activities," of the Notes to Consolidated Financial Statements for additional details regarding each of the Company's restructuring programs discussed below, restructuring plan's accrual, spending and other activity for the year ended December 31, 2017.

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As reported in our 2015 Form 10-K, our December 2011 Integration and Optimization Program ("IOP") is substantially complete, while the May 2013 Earnings Quality Improvement Program ("EQIP") is nearing completion. In the first quarter of 2016, the Board of Directors agreed to consolidate the remaining activities of those programs together with the December 2014 Fusion program to create a single program to be called the "Sealed Air Restructuring Program" or the "Program."

The Program is estimated to generate incremental cost savings of $130 million to $150 million (which includes approximately $90 million related to Sealed Air's continuing operations) by the end of 2019, compared with the savings run rate achieved by the end of 2015. For the year ended December 31, 2017, the Program generated cost savings of $32 million, primarily in selling, general and administration expenses of which approximately $17 million of savings is in discontinued operations.

Additionally, the Program is expected to generate one-time cash benefits of approximately $70 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. Through December 31, 2017, we had generated $30 million in cash related to the sale of our facility located in Racine, Wisconsin, $10 million from other site sales and $9 million from grants and other working capital benefits.

The actual timing of future costs and cash payments related to the Program described above and our relocation activities are 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, benefits and cost synergies.

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 years ended December 31, were as follows:

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	Change	Change
Interest expense on our various debt instruments:					
Term Loan A due July 2017[1]	$3.6	$5.2	$4.4	$ (1.6)	$ 0.8
Term Loan A due July 2019 (October 2016 prior to refinance)[2]	18.6	19.9	18.0	(1.3)	1.9
Revolving credit facility due July 2019 (October 2016 prior to refinance)[2]	2.4	2.4	2.4	—	—
6.50% Senior Notes due December 2020	28.1	27.7	28.0	0.4	(0.3)
8.375% Senior Notes due September 2021[3]	—	—	30.4	—	(30.4)
4.875% Senior Notes due December 2022	21.5	21.4	21.3	0.1	0.1
5.25% Senior Notes due April 2023	23.0	23.0	23.0	—	—
4.50% Senior Notes due September 2023[3]	21.0	20.4	10.9	0.5	9.5
5.125% Senior Notes due December 2024	22.3	22.3	22.3	—	—
5.50% Senior Notes due September 2025[3]	22.3	22.3	12.1	—	10.2
6.875% Senior Notes due July 2033	31.0	31.0	31.0	—	—
Other interest expense	18.3	14.7	12.6	3.7	2.1
Less: capitalized interest	(10.3)	(10.9)	(5.4)	0.7	(5.5)
Total	$201.8	$199.4	$211.0	$ 2.4	$ (11.6)

(1) We repaid the notes upon maturity in July 2017.

(2) In connection with the sale of Diversey, the Company prepaid several tranches of the Term Loan A facility due in July 2019. See Note 11, "Debt and Credit Facilities" of the Notes to Consolidated Financial Statements for further details.

(3) In June 2015, we issued $400 million of 5.50% senior notes due 2025 and €400 million of 4.50% senior notes due 2023 and used the net proceeds of these notes to retire the existing $750 million of 8.375% senior notes due 2021.

Loss on Debt Redemption and Refinancing Activities

In the second quarter 2015, we issued $400 million of 5.50% Senior Notes due September 15, 2025 and €400 million of 4.50% Senior Notes due September 15, 2023. The proceeds from these notes were used to repurchase the Company's $750 million 8.375% Notes due September 2021. The aggregate repurchase price was $866 million, which included the principal amount of $750 million, a premium of $99 million and accrued interest of $17 million. We recognized a total pre-tax loss of $110 million on the repurchase, which included the premiums mentioned above. Also included in the loss on debt redemption was $11 million of accelerated amortization of original non-lender fees related to the 8.375% Senior Notes.

Sale of Equity Investment

In September 2007, we established a joint venture that supported our Food Care segment in Turkey. We accounted 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. In the second quarter of 2012, we recorded other-than-temporary impairment of $26 million ($18 million, net of taxes, or $0.09 per diluted share). This impairment primarily consisted of the recognition of a current liability for the guarantee we issued related to the uncommitted credit facility of $20 million. The other component of the impairment was a $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 was included in marketing, administrative and development expenses.

In the second quarter of 2015, Sealed Air sold its equity interest in the joint venture which had a carrying value of zero and in connection with the closing of this sale, Sealed Air and the other partner had to pay a portion of the outstanding debt that the joint venture owed for which Sealed Air had recorded a current liability in 2012. At closing, Sealed Air also collected its outstanding receivables and paid certain payables to the joint venture. In July 2015, the partner paid the remaining outstanding debt balance and Sealed Air was relieved of its remaining guarantee obligation. Therefore, the remaining liability for the guarantee was reversed. As a result of these transactions, we recorded in 2015 pre-tax income of $9 million which was reflected as a Special Item and is excluded from our Adjusted EBITDA results. Included in this amount was $7 million related to the portion of the debt that the partner paid which is reflected in other income (expense), net, $2 million due to the reversal of allowance for bad debts which is reflected in selling, general and administrative expenses and in other income (expense), net and less than $1 million related to the impact of the revaluation of the non-U.S. dollar-denominated contingent liability and the related foreign currency forward contracts which was included in other income, net.

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 2016 and 2015 for our Venezuelan subsidiary were the result of 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 Note 2, "Summary of Significant Accounting Policies and Recently Issued Accounting Standards" of the Notes to Consolidated Financial Statements under the section "Impact of Inflation and Currency Fluctuation – Venezuela" for further details.

Ceasing Operations in Venezuela

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 $49 million being incurred which included the following (i) a voluntary reduction in headcount including severance and termination benefits for employees of less than $1 million, (ii) depreciation and amortization expense related to fixed assets and intangibles of $1 million, (iii) inventory reserves of less than $1 million and (iv) income tax expense of $1 million and (v) the reclassification of $47 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.

Other (Expense) Income, Net

See Note 20, “Other (Expense) Income, net,” of the Notes to Consolidated Financial Statements for the components and discussion of other income, net.

Income Taxes

The table below shows our effective income tax rate ("ETR").

Year Ended	Effective Tax Rate
2017	84.0 %
2016	24.6 %
2015	45.5 %

Our effective income tax rate for the year ended December 31, 2017 was 84.0%. The annual effective income tax rate is higher than the statutory rate primarily as a result of expense related to the sale of Diversey, the revaluation of deferred tax assets as a result of U.S. Tax Reform and an increase in unrecognized foreign tax benefits.

Our effective income tax rate for the year ended December 31, 2016 was 24.6% and for the year ended December 31, 2015 was 45.5%. The effective tax rate for the year ended December 31, 2016 is lower than the statutory rate primarily because of the mix of earnings and the change in our repatriation strategy.

Our effective income tax rate depends upon the realization of our net deferred tax assets. We have deferred tax assets related to accruals not yet deductible for tax purposes, foreign tax credits, state and foreign net operating loss carryforwards and investment tax allowances, employee benefit items, and other items.

The Internal Revenue Service (the "Service") is currently auditing the 2011-2014 U.S. federal income tax returns of the Company. Included in the audit of the 2014 return is the examination by the Service with respect to the Settlement agreement deduction and the related carryback to tax years 2004-2012. The outcome of the examination could affect the utilization of certain tax attributes and require us to make a significant payment.

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 carryback any losses created by the deduction of these temporary differences, the future income from existing temporary differences, and the ability to generate future taxable income within the respective jurisdictions during the periods in which these temporary differences reverse. 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. There was a negligible change in our valuation allowances for the year ended December 31, 2017.

Interest and penalties on tax assessments are included in income tax expense.

Net Earnings from Continuing Operations

Net earnings from continuing operations for the years ended December 31, are included in the table below.

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	% Change	% Change
Net earnings from continuing operations	$62.8	$292.3	$158.8	(78.5)%	84.1 %

For 2017, net income was unfavorably impacted by $280 million of Special Items, primarily related to Tax Special Items related to the sale of Diversey of $152 million, charges related to the sale of Diversey of $55 million ($29 million, net of taxes) related to professional fees and restructuring, restructuring and other restructuring associated costs related to our restructuring program of $26 million ($21 million, net of taxes) and other acquisition and divestiture activity of $16 million ($13 million, net of taxes).

For 2016, net income was unfavorably impacted by $42 million of Special Items, including charges related ceasing operations in Venezuela of $49 million ($46 million, net of taxes), restructuring and other restructuring associated costs related to our restructuring programs of $22 million ($17 million, net of taxes), foreign currency exchange losses related to our

Venezuelan subsidiaries of $2 million ($2 million, net of taxes), and additional loss from the sale of our European food trays business and other divestitures of $2 million ($2 million, net of taxes).

For 2015, net income was unfavorably impacted by $221 million of Special Items, including loss on debt redemption and refinancing activities of $110 million ($72 million, net of taxes), restructuring and other associated costs related to our restructuring programs of $74 million ($53 million, net of taxes) and foreign currency exchange losses related to Venezuelan subsidiaries of $27 million ($27 million, net of taxes). These amounts were partially offset by the net gain on the sale of our North American foam trays and absorbent pads business and European food trays business of $13 million ($6 million, net of taxes) and Tax Special Items related to an increase in unrecognized tax benefits associated with the Settlement Agreement.

Net Earnings from Discontinued Operations, Net of Taxes

As a result of the sale of Diversey, the results of operations for Diversey are reported as discontinued operations in all periods presented. During the year ended December 31, 2017, we recorded a gain on the sale of Diversey of $641 million. Refer to Note 3, “Discontinued Operations, Divestitures and Acquisitions,” of the Notes to Consolidated Financial Statements for additional information on Diversey. Net earnings from discontinued operations, net of taxes for December 31, 2017, 2016 and 2015 are included in the table below.

	Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
(In millions)	2017	2016	2015	% Change	% Change
Net earnings from discontinued operations, net of taxes	$111.4	$194.1	$176.6	(42.6)%	9.9 %

The sale of Diversey was completed on September 6, 2017, as a result, the majority of the discontinued operations activity took place in the first eight months of the year. For December 31, 2017, net earnings from discontinued operations included $28 million of tax expense.

For December 31, 2016, net earnings from discontinued operations were favorably impacted by $16 million of reduced tax expense which is primarily related to the release of reserves, and a reduced tax rate because of the mix of earnings in jurisdictions with lower tax rates.

For December 31, 2015, net earnings from discontinued operations were favorably impacted by $42 million of reduced tax expenses which is primarily related to the release of reserves and a reduced tax rate because of the mix of earnings in jurisdictions with lower tax rates.

Adjusted EBITDA by Segment

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. As of January 1, 2017 we modified our calculation of Adjusted EBITDA to exclude interest income. The impact in this modification was $8 million and $7 million for the years ended December 31, 2016 and 2015, respectively. 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 Corporate are the same as those applied to the Consolidated Financial Statements.

See Note 4, “Segments,” of the Notes to Consolidated Financial Statements for the reconciliation of U.S. GAAP net earnings from continuing operations to Non-U.S. GAAP Adjusted EBITDA and other segment details.

(In millions)	Year Ended December 31, 2017	2016	2015	2017 vs. 2016 % Change	2016 vs. 2016 % Change
Food Care	$608.3	$605.4	$643.7	0.5 %	(5.9)%
Adjusted EBITDA Margin	21.6 %	22.5 %	22.5 %		
Product Care	332.3	331.1	322.1	0.4 %	2.8 %
Adjusted EBITDA Margin	20.2 %	21.7 %	20.7 %		
Corporate[1]	(107.3)	(127.3)	(115.7)	(15.7)%	10.0 %
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	$833.3	$809.2	$850.1	3.0 %	(4.8)%
Adjusted EBITDA Margin	18.7 %	19.2 %	19.3 %		

(1) Corporate includes costs previously allocated to the Diversey Care segment and Food Hygiene and Cleaning business of our Food Care segment which are included as part of continuing operations of $14 million, $15 million and $16 million for December 31, 2017, 2016 and 2015 respectively.

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, 2017 as compared with the prior year.

Food Care

2017 compared with 2016

Adjusted EBITDA was impacted by favorable foreign currency translation of $5 million. On a constant dollar basis, Adjusted EBITDA decreased $2 million, or less than 1%, in 2017 compared with the same period in 2016 primarily due to the impact of:

- higher non-material manufacturing costs of $28 million, including salary and wage inflation; and
- unfavorable mix and price/cost spread of $22 million, primarily due to higher raw material and freight costs.

These drivers were partially offset by:

- higher unit volumes of $44 million; and
- restructuring savings of $5 million.

2016 compared with 2015

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $24 million. On a constant dollar basis, Adjusted EBITDA decreased $14 million, or 2%, in 2016 compared with the same period in 2015 primarily due to the impact of:

- higher operating expenses of approximately $33 million including salary and wage inflation, partially offset by a reduction in incentive-based compensation; and
- the effect of the divestitures of the North American foam trays and absorbent pads business and the European food trays businesses of $21 million.

These drivers were partially offset by:

- favorable price/mix and margin expansion of approximately $14 million;
- restructuring savings of approximately $13 million; and
- higher unit volumes of approximately $14 million.

Product Care

2017 compared with 2016

Adjusted EBITDA was impacted by favorable foreign currency translation of less than $1 million. On a constant dollar basis, Adjusted EBITDA increased $1 million, or less than 1%, in 2017 compared with the same period in 2016 primarily due to the impact of:

- positive volume trends of $37 million; and

- restructuring savings of $2 million.

These drivers were offset by:

- unfavorable mix and price/cost spread of $26 million primarily due to higher raw material and freight costs; and
- higher non-material manufacturing costs of $12 million including salary and wage inflation.

2016 compared with 2015

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $4 million. On a constant dollar basis, Adjusted EBITDA increased $12 million, or 4%, in 2016 compared with the same period in 2015 primarily due to the impact of:

- positive volume trends of $8 million; and
- restructuring savings of $4 million.

Operating expenses were essentially flat compared to the prior year, which reflected salary and wage inflation offset by a reduction in incentive based compensation.

Corporate

2017 compared with 2016

Corporate expenses decreased by $20 million or 16% on an as reported basis and constant dollar basis as compared with the same period in 2016. This was primarily driven by cost containment actions.

2016 compared with 2015

Corporate expenses increased by $12 million or 10% on an as reported basis and constant dollar basis as compared with the same period in 2015. This increase was attributable to higher selling and administrative expenses primarily due to the impact of annual salary increases and inflation.

Reconciliation of Net Earnings from Continuing Operations to Non-U.S. GAAP Adjusted EBITDA

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

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net earnings from continuing operations	$62.8	$292.3	$158.8
Interest expense	(201.8)	(199.4)	(211.0)
Interest income	17.6	7.5	6.8
Income tax provision[1]	330.5	95.6	132.6
Depreciation and amortization[4]	(158.3)	(154.0)	(151.3)
Accelerated depreciation and amortization of fixed assets and intangible assets for Venezuelan subsidiaries	—	1.7	0.1
Special Items:			
Restructuring and other charges[1][5]	(12.1)	(2.5)	(48.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(14.3)	(19.8)	(25.7)
SARs	2.6	(0.7)	(3.9)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(1.7)	(27.2)
Charges related to ceasing operations in Venezuela[1]	—	(48.5)	—
Loss on debt redemption and refinancing activities	—	(0.1)	(110.0)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	—	(1.8)	13.4
Loss related to the sale of other businesses, investments and property, plant and equipment	(15.5)	—	—
Charges incurred related to the sale of Diversey	(68.6)	(1.4)	—
Settlement/curtailment benefits related to the sale of Diversey pension plans	13.5	—	—
Other Special Items[3]	(3.1)	(0.6)	(1.2)
Pre-tax impact of Special Items	(97.5)	(77.1)	(203.3)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	$833.3	$809.2	$850.1

(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 2 “Summary of Significant Accounting Policies and Recently Issued Accounting Standards," of the Notes to Consolidated Financial Statements for further details.

(2) This includes accelerated depreciation of non-strategic assets related to restructuring programs which were $1.1 million and $0.1 million for the years ended December 31, 2016 and 2015, respectively.

(3) Other Special Items for the year ended December 31, 2017 primarily related to transaction costs related to reorganizations. Other Special Items for the year ended December 31, 2016 primarily included legal fees associated with restructuring and acquisitions. Other Special Items for the year ended December 31, 2015 primarily included legal fees associated with restructuring and acquisitions.

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

	Year Ended December 31,		
(In millions)	2017	2016	2015
Food Care	$103.8	$92.2	$97.1
Product Care	47.3	40.1	37.6
Corporate	7.2	21.7	16.6
Total Company depreciation and amortization[i]	$158.3	$154.0	$151.3

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(i) Includes share-based incentive compensation of $38 million, $51 million and $51 million for the years ended December 31, 2017, 2016 and 2015, respectively.

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

	Year Ended December 31,		
(In millions)	2017	2016	2015
Food Care	$7.6	$1.6	$31.5
Product Care	4.5	0.9	17.2
Total Company restructuring and other charges[(i)]	$12.1	$2.5	$48.7

(i) For the year ended December 31, 2016 restructuring and other charges excludes $0.3 million related to severance and termination benefits for employees in our Venezuelan subsidiaries.

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, stock repurchases, 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.

As of December 31, 2017, we had cash and cash equivalents of $594 million, of which approximately $323 million, or 54%, was located outside of the U.S. As of December 31, 2017, we did not have any cash trapped outside of the U.S. 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 the U.S.

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 (“Grace”). 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 of $930 million, including accrued interest, and the issuance of 18 million shares.

We deducted payments related to the Settlement agreement in our 2014 consolidated U.S. income tax return. As a result, we had a net operating loss for U.S. tax purposes in 2014 and carried back, for 10 years, more than $1 billion of the loss.

As a result of the loss carryback, we increased our unrecognized tax benefits by $104 million in 2015. While the Company believes it is more likely than not it will be successful in defending the deduction of the Settlement payment, the ultimate outcome of negotiations may affect the utilization of certain tax attributes and require us to make a significant payment.

The information set forth in Note 17, “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements under the caption “Settlement Agreement and Related Costs” is incorporated herein by reference.

Cryovac Transaction Commitments and Contingencies

The information set forth in Note 17, “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements 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 2018 and future years:

	Payments Due by Years				
(In millions)	Total	2018	2019-2020	2021-2022	Thereafter
Contractual Obligations					
Short-term borrowings	$25.3	$25.3	$—	$—	$—
Current portion of long-term debt exclusive of debt discounts and lender fees	2.2	2.2	—	—	—
Long-term debt, exclusive of debt discounts and lender fees	3,260.1	—	654.1	425.5	2,180.5
Total debt[1]	$3,287.6	$27.5	$654.1	$425.5	$2,180.5
Interest payments due on long-term debt[2]	1,233.6	173.4	335.2	276.7	448.3
Operating leases	31.1	10.6	13.9	4.7	1.9
First quarter 2018 quarterly cash dividend declared	26.8	26.8	—	—	—
Other principal contractual obligations	67.8	62.9	4.9	—	—
Total contractual cash obligations[3]	$4,646.9	$301.2	$1,008.1	$706.9	$2,630.7

(1) These amounts include principal maturities (at face value) only. These amounts also include our contractual obligations under capital leases of $1.4 million in 2018, $2.1 million in 2019-2020 and less than $1.0 million in 2021-2022.

(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, 2017; and
- all non-U.S. dollar balances are converted using exchange rates as of December 31, 2017.

(3) Obligations related to defined benefit pension plans and other post-employment benefit plans have been excluded from the table above, due to factors such as the retirement of employees, it is not reasonably possible to estimate when these obligations will become due. Refer to Note 14, “Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans,” and Note 15, “Other Post-Employment Benefits and Other Employee Benefit Plans,” of the Notes to Consolidated Financial Statements for additional information related to these plans.

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, 2017.

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, 2017, we had liabilities for unrecognized tax benefits and related interest and penalties of $199 million. See Note 16, “Income Taxes,” of the Notes to Consolidated Financial Statements 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

Excluding payments associated with the U.S. transition tax, which the company is in the process of quantifying, we expect tax payments to be in the range of $150 to $190 million in 2018.

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 $13 million in 2018. Refer to Note 14, “Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans,” of the Notes to Consolidated Financial Statements for additional information related to these plans.

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:

	December 31,	
(In millions)	2017	2016
Cash and cash equivalents	$594.0	$333.7

See “Analysis of Historical Cash Flow” below.

Accounts Receivable Securitization Programs

At December 31, 2017 we had $156 million available to us under the programs of which we had no amounts outstanding. At December 31, 2016, we had $188 million available to us under the programs of which we had no amounts outstanding. See Note 8, “Accounts Receivable Securitization Programs,” of the Notes to Consolidated Financial for information concerning these programs.

Lines of Credit

We have a $700 million revolving credit facility. At December 31, 2017 and 2016, we had no outstanding borrowings under the facility. See Note 11, “Debt and Credit Facilities,” of the Notes to Consolidated Financial for further details.

There was $23 million and $83 million outstanding under various lines of credit extended to our subsidiaries at December 31, 2017 and 2016, respectively. See Note 11, “Debt and Credit Facilities,” of the Notes to Consolidated Financial Statements for further details.

Covenants

At December 31, 2017, we were in compliance with our financial covenants and limitations, as discussed in “Covenants” of Note 11, “Debt and Credit Facilities”, of the Notes to Consolidated Financial Statements for further details.

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	Ba2	BB+
Senior Unsecured Rating	Ba3	BB+
Senior Secured Credit Facility Rating	Baa3	BBB-
Outlook	Stable	Stable

These credit ratings are considered to be below investment grade (with the exception of the Baa3 and BBB- Senior Secured Credit Facility Rating from Moody’s Investor Services and Standard & Poor’s, respectively, which are classified as 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, 2017 and 2016, our total debt outstanding consisted of the amounts set forth in the following table.

	December 31,	
(In millions)	2017	2016
Short-term borrowings	$25.3	$83.0
Current portion of long-term debt	2.2	297.0
Total current debt	27.5	380.0
Total long-term debt, less current portion[(1)]	3,230.5	3,762.6
Total debt	3,258.0	4,142.6
Less: Cash and cash equivalents	(594.0)	(333.7)
Net debt	$2,664.0	$3,808.9

(1) Amounts are net of unamortized discounts and debt issuance costs of $30 million as December 31, 2017 and $36 million as of December 31, 2016.

See Note 11, “Debt and Credit Facilities,” of the Notes to Consolidated Financial for further details.

Analysis of Historical Cash Flow

The following table shows the changes in our Consolidated Statement of Cash Flows in the years ended December 31, 2017, 2016 and 2015.

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net cash provided by operating activities	$424.4	$906.9	$982.1
Net cash provided by (used in) investing activities	1,813.6	(314.8)	(60.0)
Net cash used in financing activities	(1,864.3)	(540.9)	(788.7)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(113.4)	(39.2)	(60.4)

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, free cash flow 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 historically have generated the majority of our annual free cash flow in the second half of the year. Below are the details of free cash flow for the years ended December 31, 2017, 2016 and 2015.

	Year Ended December 31,			Change 2017 vs. 2016	Change 2016 vs. 2015
(In millions)	2017	2016	2015		
Cash flow provided by operating activities	$424.4	$906.9	$982.1	$(482.5)	$(75.2)
Capital expenditures	(183.8)	(275.7)	(184.0)	91.9	(275.9)
Free cash flow[(1)]	$240.6	$631.2	$798.1	$(390.6)	$(166.9)

(1) Free cash flow was $421 million in 2017 excluding the payment of charges related to the sale of Diversey of $181 million. Free cash flow was $609 million in 2015 excluding the tax refund received of $235 million in connection with the Settlement agreement and excess tax benefit of $46 million related to shares of Common Stock issued pursuant to the terms of the Settlement agreement.

Net Cash Provided by Operating Activities

2017

Net cash provided by operating activities of $424 million in 2017 was primarily attributable to:

- $815 million of net earnings, which included a reduction of $255 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities, including $641 million gain on the sale of Diversey, partially offset by adjustments for deferred taxes, depreciation and amortization, share-based incentive compensation expenses and profit sharing expenses;
- $55 million of changes in other liabilities and assets. This activity primarily reflects the timing of certain annual incentive compensation payments, reduction in restructuring activities due to the completion of programs; and
- $17 million increase in working capital due to an increase in accounts payable partially offset by a decrease in accounts receivable and inventory. This activity reflects the timing of inventory purchases and the related payments of cash along with the seasonality of sales and collections.

This was partially offset by:

- $207 million decrease in income tax payables primarily as a result of an increase in cash tax payments related to the sale of Diversey.

2016

Net cash provided by operating activities in 2016 of $907 million was primarily attributable to:

- $486 million of net earnings, which included $291 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities, including adjustments for depreciation and amortization, share-

based incentive compensation expenses, and the reclassification of the cumulative translation adjustment related to the Company's decision to cease its operations in Venezuela; and

- $177 million of changes in operating assets and liabilities, primarily reflecting an increase in accounts payable partially offset by a decrease in trade receivables and inventory. This activity reflects the utilization of financing agreements to extend external payment terms, timing of inventory purchases and the related payments of cash along with the seasonality of sales and collections.

Partially offset by:

- $48 million of changes in other assets and liabilities. This was primarily attributable to changes in restructuring liabilities, an increase in leased assets and the timing of certain annual incentive compensation payments.

2015

Net cash provided by operating activities of $982 million in 2015 was primarily attributable to:

- $335 million of net earnings, which included $367 million of non-cash adjustments to reconcile net earnings to cash provided by operating activities, including adjustments for depreciation and amortization of $213 million, share-based incentive compensation expense of $61 million, profit sharing expense of $36 million, a loss on debt redemption of $110 million, partially offset by $46 million of excess tax benefit related to the 18 million shares of our common stock issued pursuant to the Settlement agreement;
- $235 million tax refund related to the Settlement agreement payment; and
- $80 million of changes in operating assets and liabilities, primarily reflecting an increase in accounts payable and trade receivables partially offset by a decrease in inventory and other assets and liabilities. 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.

Net Cash Provided by (Used in) Investing Activities

2017

Net cash provided by investing activities of $1.8 billion in 2017 primarily consisted of the following:

- impact from on the sale of Diversey of $2.2 billion, net of payments of debt of $777 million; and
- $3 million related to the sale of businesses and property and equipment.

These were partially offset by:

- capital expenditures of $184 million;
- $119 million related to business acquisitions;
- $62 million due to the loss from settlement of cross currency swaps; and
- $9 million related to settlements of foreign currency forward contracts.

2016

Net cash used in investing activities in 2016 of $315 million primarily consisted of:

- capital expenditures of $276 million related to restructuring programs and capacity expansions to support growth in net sales. Capital expenditures related to our restructuring programs were $124 million in 2016, which primarily reflected activity related to the building of our global headquarters in Charlotte, North Carolina;
- cash paid on settlements of foreign currency forward contracts of $46 million; and
- cash paid for businesses acquired of $6 million.

These were partially offset by:

- proceeds from sale of business of $8 million; and
- proceeds from sales of property, plant and equipment of $5 million.

2015

Net cash used in investing activities in 2015 of $60 million primarily consisted of:

- capital expenditures of $184 million related to capacity expansions to support growth in net sales. Capital expenditures related to our restructuring programs were $52 million in 2015.

This was partially offset by:

- proceeds from sale of business of $95 million; and
- proceeds from sales property, plant and equipment of $33 million.

Net Cash Used in Financing Activities

2017

Net cash used in financing activities of $1.9 billion in 2017 was primarily due to the following:

- repurchases of common stock of $1.3 billion;
- payments of Term Loan A due in July 2017 of $250 million and $98 million for the Brazilian tranche of Term Loan A;
- payments of quarterly dividends of $120 million; and
- acquisition of common stock for tax withholding obligations relating to stock-based compensation of $22 million.

These factors were partially offset by:

- a decrease in cash used as collateral on borrowing arrangement of $25 million; and
- proceeds from the termination of our cross-currency swap of $17 million.

2016

Net cash used in financing activities of $541 million was primarily due to the following:

- repurchase of common stock of $217 million;
- decrease in short-term borrowings under our revolving credit facility, local lines of credit and accounts receivable securitization programs of $154 million;
- payments of quarterly dividends of $122 million;
- acquisition of common stock for tax withholding obligations relating to stock-based compensation of $31 million; and
- repayments of $27 million on Term Loan A.

These factors were partially offset by:

- proceeds received from the settlement of cross-currency swaps of $6 million; and
- a decrease in cash used as collateral on borrowing arrangement of $4 million.

2015

Net cash used in financing activities of $789 million was primarily due to the following:

- repayment of $750 million of our 8.375% Senior Notes;
- repurchase of common stock of $802 million;
- payments of quarterly dividends of $107 million;
- repayments of $50 million of Term Loan A;
- debt extinguishment and debt issuance costs of $108 million; and
- an increase in cash collateral on borrowing arrangements of $21 million.

These factors were partially offset by:

- proceeds from issuance of €400million of 4.50% Senior Notes and $400 million of 5.50% Senior Notes;

- net proceeds from borrowings under our accounts receivable securitization programs of $107 million; and
- an excess tax benefit of $46 million related to the 18 million shares of Common Stock issued pursuant to the Settlement agreement.

Changes in Working Capital

	December 31,		
(In millions)	2017	2016	Change
Working capital (current assets less current liabilities)	$488.2	$96.3	$391.9
Current ratio (current assets divided by current liabilities)	1.4x	1.0x	
Quick ratio (current assets, less inventories divided by current liabilities)	1.0x	0.8x	

The $392 million, or 375%, increase in working capital reflected:

- a decrease in the current portion of debt of $295 million due to principal payments on Term Loan A due in 2017 of $250 million and the Brazilian tranche of Term Loan A for $96 million;
- an increase in cash and cash equivalents of $260 million related to the cash received as part of the sale of Diversey; and
- an increase in receivables consistent with the higher sales performance in the fourth quarter of 2017 as compared to the same period in 2016.

These were partially offset by:

- an increase in accounts payable reflecting higher days payable outstanding consistent with utilization of structured payable arrangements as well as other initiatives for longer payment terms; and
- a decrease in current assets held for sale of $821 million partially offset by a decrease in liabilities held for sale of $681 million as the sale of Diversey was completed on September 6, 2017.

Changes in Stockholders' Equity

The $457 million, or 75%, decrease in stockholders' equity in 2017 compared with 2016 was primarily due to:

- a net increase in shares held in treasury of $1.2 billion and a decrease in additional paid in capital of $35 million due to the repurchase of common stock;
- dividends paid and accrued on our common stock of $119 million; and
- unrealized losses on derivative instruments of $77 million.

These were partially offset by:

- net earnings of $815 million;
- an increase in unrecognized pension items of $173 million as a result of the transfer of pension plans as part of the sale of Diversey; and
- cumulative translation adjustment of $8 million.

We repurchased approximately 27.3 million shares of our common stock year ended December 31, 2017 for $1.2 billion. See Note 18, "Stockholders' Equity," of the Notes to Consolidated Financial Statements for further details.

Derivative Financial Instruments

Interest Rate Swaps

The information set forth in Note 12, "Derivatives and Hedging Activities," of the Notes to Consolidated Financial Statements under the caption "Interest Rate Swaps" is incorporated herein by reference.

Interest Rate and Currency Swaps

The information set forth in Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements under the caption “Interest Rate and Currency Swaps” is incorporated herein by reference.

Net Investment Hedge

The information set forth in Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements under the caption “Net Investment Hedge” is incorporated herein by reference.

Other Derivative Instruments

The information set forth in Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements under the caption “Other Derivative Instruments” is incorporated herein by reference.

Foreign Currency Forward Contracts

At December 31, 2017, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements 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 the Notes to Consolidated Financial Statements, 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” of the Notes to Consolidated Financial Statements.

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,” of the Notes to Consolidated Financial Statements 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 historically adjusted existing accruals as proceedings have continued, been settled or for which additional information has been provided on which to review the probability and measurability of outcomes, and will continue 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.

Revenue Recognition

Our revenue earning activities primarily involve manufacturing and selling products, and we consider revenues to be earned when we have completed the process by which we are entitled to receive consideration. The following criteria are used for revenue recognition: persuasive evidence that an arrangement exists, shipment has occurred, selling price is fixed or determinable, and collection is reasonably assured.

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 within ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05, ASU 2017-10 and ASU 2017-13 (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. 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, 2017, 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, 2018 and allow early adoption as of the original public entity effective date. The amendments in ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05, ASU 2017-10 and ASU 2017-13 are effective in conjunction with ASU 2015-14.

The guidance permits two methods of adoption: full retrospective in which the standard is applied to all of the periods presented or modified retrospective where an entity will have to recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. We will adopt the modified retrospective method.

For Sealed Air, the determination of whether an arrangement meets the definition of a contract under ASC 606 depends on whether it creates enforceable rights and obligations. While enforceability is a matter of law, we believe that enforceable rights and obligations in a contract must be substantive in order for the contract to be in scope of ASC 606. The penalty for noncompliance must be significant relative to the minimum obligation. Fixed or minimum purchase obligations were the most common examples of substantive enforceable rights present in our contracts. We determined that the contract term is the period of enforceability outlined by the terms of the contract. This means that in many cases, the term stated in the contract is different than the period of enforceability.

Our efforts to adopt this standard focused on contract analysis at a regional level. We have concluded our assessment and identified the most significant impact will be on the accounting for Free on Loan equipment in our Food Care division. Whereas today we do not recognize revenue on Free on Loan equipment, under the new standard, we anticipate allocating revenue to that equipment and account for the lease component under ASC 840. ASC 606-10-15-4 states that a contract can be partially in scope of ASC 606 and partially in scope of another standard, in this case ASC 840. Sealed Air determined the proper accounting treatment for contracts with lease and non-lease components would be to allocate the transaction price of the contract to the separate lease and non-lease components, account for the non-lease components of the contract under ASC 606 and account for the lease components of the contract under ASC 840. During the contract analysis we also evaluated how the transaction price would be allocated across the performance obligations. It highlighted the need to adjust our equipment accrual balance, within the Food Care division, to reflect the stand alone selling price of the equipment within our portfolio.

Based on the information we have evaluated to date, we do not anticipate that the adoption of the amendments will have a significant impact on our consolidated financial statements with the exception of new and expanded disclosures. That said we currently estimate the adjustment will result in a reduction to the opening balance of retained earnings in the range of $1 to $5 million.

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 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 we re-evaluate whether continuing to characterize the asset as indefinite–lived is appropriate.

Asset Retirement Obligations

The company records asset retirement obligations at fair value at the time the liability is incurred if a reasonable estimate of fair value can be made. Accretion expense is recognized as an operating expense using the credit-adjusted risk-free interest rate in effect when the liability was recognized. The associated asset retirement obligations are capitalized as part of the carrying amount of the long-lived asset and depreciated over the estimated remaining useful life of the asset.

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.

As part of the annual impairment test, we may conduct an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In a qualitative assessment, we would consider the macroeconomic conditions, including any deterioration of general conditions, industry and market conditions, including any deterioration in the environment where the reporting unit operates, increased competition, changes in the products/services and regulator and political developments; cost of doing business; overall financial performance, including any declining cash flows and performance in relation to planned revenues and earnings in past periods; other relevant reporting unit specific facts, such as changes in management or key personnel or pending litigation, and events affecting the reporting unit, including changes in the carrying value of net assets.

If an optional qualitative goodwill impairment assessment is not performed, we are required to determine the fair value of each reporting unit using the 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.

Annual Goodwill Impairment Test

The Company performed a qualitative assessment of the goodwill by reporting unit as of October 1, 2017, during the fourth quarter of 2017, and concluded that it was more likely than not that the fair value of each of the reporting units exceeded its carrying amount. In the fourth quarter 2016 and 2015, we performed a quantitative test for all of our reporting units that have goodwill allocated and no impairment was identified.

Market Approaches Used to Determine Fair Values

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 current and forward 12-month operating performance results, as applicable 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.

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.

See Note 7, "Goodwill and Identifiable Intangible Assets," of the Notes to Consolidated Financial Statements for details of our goodwill balance and the goodwill review performed in 2017, 2016 and 2015 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, 2017, the total projected benefit obligation for our U.S. pension plans was $205 million, and the total benefit income for the year ended December 31, 2017 was entirely offset by settlement and curtailment costs At December 31, 2017, the total projected benefit obligation for our international pension plans was $702 million, and the total benefit cost for the year ended December 31, 2017 was $1 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)

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in the projected benefit obligation at December 31, 2017 and the expected net periodic benefit cost for the year ending December 31, 2018 (in millions).

United States	25 Basis Point Increase (in millions)	25 Basis Point Decrease (in millions)
Discount Rate		
Effect on 2017 projected benefit obligation	$ (5.7)	$ 5.9
Effect on 2018 expected net periodic benefit cost	0.1	(0.1)
	100 Basis Point Increase (in millions)	100 Basis Point Decrease (in millions)
Return on Assets		
Effect on 2018 expected net periodic benefit cost	$ (1.4)	$ 1.4

International	25 Basis Point Increase (in millions)	25 Basis Point Decrease (in millions)
Discount Rate		
Effect on 2017 projected benefit obligation	$ (26.7)	$ 28.4
Effect on 2018 expected net periodic benefit cost	—	0.1
	100 Basis Point Increase (in millions)	100 Basis Point Decrease (in millions)
Return on Assets		
Effect on 2018 expected net periodic benefit cost	$ (6.1)	$ 6.1

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 carryforwards 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 carryforwards may be utilized, should be sufficient to realize the related future income tax benefits. For those jurisdictions where the expiration dates of tax benefit carryforwards 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 carryforwards 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 on 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,” of the Notes to Consolidated Financial Statements 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, 2017, we had no outstanding interest rate swaps and no outstanding interest rate collars or options. The information set forth in Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements under the caption “Interest Rate Swaps,” is incorporated herein by reference.

See Note 13, “Fair Value Measurements and Other Financial Instruments,” of the Notes to Consolidated Financial Statements 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 $72 million in the fair value of the total debt balance at December 31, 2017. 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. See Note 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards” of the Notes to Consolidated Financial Statements under the section “Impact of Inflation and Currency Fluctuation - Venezuela” for additional details.

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, 2017, we do not anticipate these events will have a material impact to our 2018 results of operations. For 2017, about 1% of our consolidated net sales and operating income were derived from our businesses in Argentina. As of December 31, 2017, we had net assets of $9 million (including less than $1 million of cash and cash equivalents) in Argentina. Also, as of December 31, 2017, our Argentina subsidiaries had a negative cumulative translation adjustment balance of $21 million.

Russia

The U.S. and the European Union (EU) have recently imposed sanctions on various sectors of the Russian economy and on transactions with certain Russian nationals and entities. Russia has also announced economic sanctions against the U.S. and other nations that include a ban on imports of certain products. These sanctions are not expected to have a material impact on our business as much of the operations in Russia support local production; however they may limit the amount of future business the Company does with customers involved in activities in Russia. However, as of December 31, 2017, we do not anticipate these events will have a material impact to our 2018 result of operations. As of December 31, 2017, about 2% of our consolidated net sales were derived from products sold into Russia. As of December 31, 2017, we had net assets of $50 million

(including $3 million of cash and cash equivalents) in Russia. Also, as of December 31, 2017, our Russia subsidiaries had a negative cumulative translation adjustment balance of $23 million.

Greece

Recent economic events in Greece, including missing payment to the International Monetary Fund and the uncertainties relating to the ability of Greece to remain in the European Monetary Union may require us to tighten credit controls that will have adverse impact on our sales and bad debt expense. However, as of December 31, 2017, we do not anticipate these events will have a material impact on our 2018 results of operations. As of December 31, 2017, less than 1% of our consolidated net sales were derived from products sold into Greece. As of December 31, 2017, we had net assets of $7 million (including less $5 million of cash and cash equivalents) in Greece. Also, as of December 31, 2017, our Greece subsidiaries had a positive cumulative translation adjustment balance of less than $1 million.

Brazil

Recent economic events in Brazil, including the increase in the benchmark interest rate set by the Brazilian Central Bank, have exposed us to heightened levels of foreign currency exchange risks. However, as of December 31, 2017, we do not anticipate these events will have a material impact on our 2018 results of operations. As of December 31, 2017, about 3% of our consolidated net sales were derived from products sold into Brazil. As of December 31, 2017, we had net assets of $116 million (including $6 million of cash and cash equivalents) in Brazil. Also, as of December 31, 2017, our Brazil subsidiaries had a negative cumulative translation adjustment balance of $26 million.

United Kingdom

Recent economic events in United Kingdom, including their intention to exit from the European Union may require us to tighten credit controls that will have adverse impact on our sales and bad debt expense. However, as of December 31, 2017, we do not anticipate these events will have a material impact on our 2018 results of operations. As of December 31, 2017, about 4% of our consolidated net sales were derived from products sold into United Kingdom. As of December 31, 2017, we had net assets of $254 million (including $2 million of cash and cash equivalents) in United Kingdom. Also, as of December 31, 2017, our United Kingdom subsidiaries had a negative cumulative translation adjustment balance of $17 million.

Impact of Inflation and Currency Fluctuation

Economic and political events in certain countries have exposed us to heightened levels of inflation and foreign currency exchange risks. The effects of these could impact our financial condition and results of operations. See Note 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards” in the Notes to Consolidated Financial Statements for details regarding the impact of inflation and currency fluctuation. Also, for a discussion of our risk factors, please refer to Part II, Item 1A, “Risk Factors.”

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, 2017 would have caused us to pay approximately $67 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 the Notes to Consolidated Financial Statements, 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.

Interest Rate and Currency Swap

In 2014 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 in a notional amount of $100 million. On September 30, 2016, the first $20 million swap contract matured and was settled. As a result of the settlement, the Company received $5 million. For the year ended December 31, 2017, net cash received for these swaps was $15 million. In July 2017, we prepaid the Brazilian tranche of

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our Term Loan A facility due in July 2019 in the amount of $96 million in connection with the anticipated Diversey transaction. In anticipation of this loan prepayment, we terminated all the swaps used to convert the related U.S. dollar-denominated variable rate obligation into a fixed Brazilian real-denominated obligation. The related activity has been classified as net earnings from discontinued operations, net of tax on the Consolidated Statement of Operations.

Net Investment Hedge

During the second quarter of 2015, we entered into a series of foreign currency exchange forwards totaling €270 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 $4 million ($2 million after tax) is recorded in accumulated other comprehensive income ("AOCI") on our Consolidated Balance Sheet.

The €400 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 change in the fair value of the debt was $28 million ($17 million after tax) as of December 31, 2017, and is reflected in long-term debt on our Consolidated Balance Sheet.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. As a result of the sale of Diversey, we terminated these cross-currency swaps in September 2017 and settled these swaps in October 2017. The fair value of the swaps on the date of termination was a liability of $62 million which was partially offset by semi-annual interest settlements of $18 million. This resulted in a net impact of $(44) million recorded in AOCI.

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 accumulated other comprehensive loss, 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 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.

Outstanding Debt

Our outstanding debt is generally denominated in the functional currency of the borrower or in euros as is the case with the issuance of €400 million of 4.50% senior notes due 2023. 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 $544 million at December 31, 2017 and $875 million at December 31, 2016.

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 less than $1 million for the years ended December 31, 2017, 2016 and 2015. The allowance for doubtful accounts was $7 million at December 31, 2017 and $8 million at December 31, 2016.

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

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performance of some of the plan assets. Based upon the annual valuation of our defined benefit pension plans at December 31, 2017, we expect our net periodic benefit income to be approximately $9 million in 2018. See Note 14, “Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans,” of the Notes to Consolidated Financial Statements 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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Sealed Air Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017 and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Charlotte, North Carolina
February 21, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Sealed Air Corporation

Opinion on Internal Control over Financial Reporting

We have audited Sealed Air Corporation and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Sealed Air Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016 and the related consolidated statements of operations, comprehensive income, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 21, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible 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 the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Charlotte, North Carolina
February 21, 2018

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(In millions)	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 594.0	$333.7
Trade receivables, net of allowance for doubtful accounts of $6.5 in 2017 and $8.4 in 2016	552.4	460.5
Income tax receivables	85.1	11.5
Other receivables	90.2	72.7
Inventories, net of inventory reserves of $15.5 in 2017 and $13.4 in 2016	506.8	456.7
Assets held for sale	4.0	825.7
Prepaid expenses and other current assets	33.9	54.5
Total current assets	1,866.4	2,215.3
Property and equipment, net	998.4	889.6
Goodwill	1,939.8	1,882.9
Identifiable intangible assets, net	83.6	40.1
Deferred taxes[1]	176.2	197.1
Non-current assets held for sale[1]	—	2,015.1
Other non-current assets	215.9	175.4
Total assets	$ 5,280.3	$7,415.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 25.3	$83.0
Current portion of long-term debt	2.2	297.0
Accounts payable	723.8	539.2
Current liabilities held for sale	2.2	683.3
Accrued restructuring costs	15.4	44.8
Income tax payable	47.3	48.3
Other current liabilities	562.0	423.4
Total current liabilities	1,378.2	2,119.0
Long-term debt, less current portion	3,230.5	3,762.6
Deferred taxes	28.5	4.9
Non-current liabilities held for sale[1]	—	517.2
Other non-current liabilities	490.8	402.1
Total liabilities	5,128.0	6,805.8
Commitments and Contingencies - Note 17		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2017 and 2016	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 230,080,944 in 2017 and 227,638,738 in 2016; shares outstanding: 168,595,521 in 2017 and 193,482,383 in 2016	23.0	22.8
Additional paid-in capital	1,939.6	1,974.1
Retained earnings	1,735.2	1,040.0
Common stock in treasury, 61,485,423 shares in 2017 and 34,156,355 shares in 2016	(2,700.6)	(1,478.1)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(103.4)	(276.7)
Cumulative translation adjustment	(694.4)	(701.9)

Unrealized net (loss) gain on derivative instruments for net investment hedge	(46.8)	21.0
Unrealized net (loss) gain on derivative instruments for cash flow hedge	(0.3)	8.5
Total accumulated other comprehensive loss, net of taxes	(844.9)	(949.1)
Total stockholders' equity	152.3	609.7
Total liabilities and stockholders' equity	$ 5,280.3	$7,415.5

See accompanying notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

(1) As of December 31, 2016, $27.2 million of amounts which were previously classified as $10.9 million of non-current assets held for sale and $16.3 million of non-current liabilities held for sale were reclassified to deferred tax assets since the amounts were not transferred as part of the sale of Diversey.

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

	Year Ended December 31,		
(In millions, except per share data)	2017	2016	2015
Net sales	$4,461.6	$4,211.3	$4,410.3
Cost of sales[1]	3,044.4	2,806.4	2,955.1
Gross profit	1,417.2	1,404.9	1,455.2
Selling, general and administrative expenses[1]	796.0	755.7	778.0
Amortization expense of intangible assets acquired	13.1	15.0	11.1
Restructuring and other charges[1]	12.1	2.8	48.7
Operating profit	596.0	631.4	617.4
Interest expense	(201.8)	(199.4)	(211.0)
Interest income	17.6	7.5	6.8
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(1.7)	(27.2)
Charge related to Venezuelan subsidiaries[1]	—	(47.3)	—
Loss on debt redemption and refinancing activities	—	(0.1)	(110.0)
(Loss) gain on sale of business, net	—	(1.8)	13.4
Other (expense) income, net	(18.5)	(0.7)	2.0
Earnings before income tax provision	393.3	387.9	291.4
Income tax provision	330.5	95.6	132.6
Net earnings from continuing operations	62.8	292.3	158.8
Gain on sale of discontinued operations, net of taxes	640.7	—	—
Net earnings from discontinued operations, net of tax[2]	111.4	194.1	176.6
Net earnings available to common stockholders	$814.9	$486.4	$335.4
Basic:			
Continuing operations	$0.34	$1.50	0.78
Discontinued operations[2]	3.99	0.99	0.85
Net earnings per common share - basic	$4.33	$2.49	$1.63
Diluted:			
Continuing operations	$0.33	$1.48	$0.77
Discontinued operations[2]	3.96	0.98	0.85
Net earnings per common share - diluted	$4.29	$2.46	$1.62
Dividends per common share	$0.64	$0.61	$0.52
Weighted average number of common shares outstanding:			
Basic	186.9	194.3	203.9
Diluted	188.9	197.2	206.7

See accompanying notes to 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. Refer to Note 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards” under the “Impact of Inflation and Currency Fluctuation” section of the Notes to the Consolidated Financial Statements for further details.

(2) For the year ended December 31, 2017, there was a revision to net earnings from discontinued operations, net of tax, on the Consolidated Statement of Operations related to depreciation and amortization on Diversey assets held for sale. As a result, net earnings from discontinued operations, net of tax, increased $16.4 million and increased net earnings per basic and diluted shares by $0.09 per share.

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SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net earnings available to common stockholders	$814.9	$486.4	$335.4
Other comprehensive income (loss), net of taxes:			
Unrecognized pension items, net of taxes of $(45.8) for 2017, $2.4 for 2016 and $5.4 for 2015	173.3	(10.7)	(15.9)
Unrealized (losses) gains on derivative instruments for net investment hedge, net of taxes of $42.0 for 2017, $(12.0) for 2016 and $(1.1) for 2015	(67.8)	19.3	1.7
Unrealized (losses) gains on derivative instruments for cash flow hedge, net of taxes of $2.4 for 2017, $(0.1) for 2016 and $0.3 for 2015	(8.8)	0.2	2.1
Foreign currency translation adjustments, net of tax of $5.3 for 2017, $(19.8) for 2016 and $16.9 for 2015	7.5	(137.9)	(194.1)
Other comprehensive income (loss), net of taxes	104.2	(129.1)	(206.2)
Comprehensive income, net of taxes	$919.1	$357.3	$129.2

See accompanying notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

(In millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Common Stock in Treasury	Accumulated Other Comprehensive Loss, Net of Taxes	Total Stockholders' Equity
Balance at December 31, 2014	$ 22.5	$1,787.0	$448.5	$(481.4)	$ (613.8)	$ 1,162.8
Effect of contingent stock transactions	0.1	58.6	—	(9.4)	—	49.3
Stock issued for share-based incentive compensation	—	23.2	—	27.1	—	50.3
Repurchases of common stock	—	—	—	(802.0)	—	(802.0)
Unrecognized pension items, net of taxes	—	—	—	—	(15.9)	(15.9)
Foreign currency translation adjustments	—	—	—	—	(194.1)	(194.1)
Unrealized gain on derivative instruments, net of taxes	—	—	—	—	3.8	3.8
Settlement share transfer and excess tax benefit [1]	—	46.2	—	—	—	46.2
Net earnings	—	—	335.4	—	—	335.4
Dividends on common stock ($0.52 per share)	—	—	(108.7)	—	—	(108.7)
Balance at December 31, 2015	$ 22.6	$1,915.0	$675.2	$(1,265.7)	$ (820.0)	$ 527.1
Effect of contingent stock transactions	0.2	59.9	—	(30.7)	—	29.4
Stock issued for share-based incentive compensation	—	2.1	—	35.3	—	37.4
Repurchases of common stock	—	—	—	(217.0)	—	(217.0)
Unrecognized pension items, net of taxes	—	—	—	—	(10.7)	(10.7)
Foreign currency translation adjustments	—	—	—	—	(137.9)	(137.9)
Unrealized gain on derivative instruments, net of taxes	—	—	—	—	19.5	19.5
Settlement share transfer and excess tax benefit	—	(2.9)	—	—	—	(2.9)
Net earnings	—	—	486.4	—	—	486.4
Dividends on common stock ($0.61 per share)	—	—	(121.6)	—	—	(121.6)
Balance at December 31, 2016	$ 22.8	$1,974.1	$1,040.0	$(1,478.1)	$ (949.1)	$ 609.7
Effect of contingent stock transactions	0.2	45.0	—	(22.2)	—	23.0
Stock issued for share-based incentive compensation	—	0.5	—	21.8	—	22.3
Repurchases of common stock	—	(80.0)	—	(1,222.1)	—	(1,302.1)
Unrecognized pension items, net of taxes	—	—	—	—	173.3	173.3
Foreign currency translation adjustments	—	—	—	—	7.5	7.5
Unrealized loss on derivative instruments, net of taxes	—	—	—	—	(76.6)	(76.6)
Settlement share transfer and excess tax benefit	—	—	—	—	—	—
Net earnings	—	—	814.9	—	—	814.9
Dividends on common stock ($0.64 per share)	—	—	(119.7)	—	—	(119.7)
Balance at December 31, 2017	$ 23.0	$1,939.6	$1,735.2	$(2,700.6)	$ (844.9)	$ 152.3

See accompanying notes to Consolidated Financial Statements.

(1) In 2015, we recorded an out-of-period adjustment of $46.2 million related to excess tax benefits from the Settlement agreement. Refer to Note 16, “Income Taxes” of the Notes to Consolidated Financial Statements for further details.

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
(In millions)	2017	2016	2015[1]
Net earnings available to common stockholders	$814.9	$486.4	$335.4
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	149.3	214.0	213.3
Share-based incentive compensation	44.9	59.9	61.2
Profit sharing expense	23.2	24.6	36.0
Loss on debt redemption and refinancing activities	—	0.1	110.0
Remeasurement loss related to Venezuelan subsidiaries	—	3.4	33.1
Charges related to Venezuelan subsidiaries	—	46.0	—
Provisions for bad debt	2.9	4.3	5.8
Provisions for inventory obsolescence	3.6	6.4	(0.2)
Deferred taxes, net	121.0	(61.7)	(22.6)
Excess tax benefit from common stock issued in the Settlement agreement[1]	—	—	(46.2)
Net (gain) loss on sale of businesses	(641.2)	1.9	(24.6)
Foreign currency gains (losses)	29.9	(4.9)	9.8
Other non-cash items	11.1	(2.6)	(8.2)
Changes in operating assets and liabilities:			
Trade receivables, net	(81.4)	(33.9)	36.7
Inventories	(55.4)	(17.1)	(38.3)
Accounts payable	154.1	228.0	81.4
Income tax receivable/payable	(207.1)	7.3	32.2
Settlement agreement and related items[1]	—	—	235.2
Other assets and liabilities	54.6	(55.2)	(67.9)
Net cash provided by operating activities	$424.4	$906.9	$982.1
Cash flows from investing activities:			
Capital expenditures	$(183.8)	$(275.7)	$(184.0)
Proceeds from sale of business	1.0	7.8	94.6
Businesses acquired in purchase transactions, net of cash acquired	(119.2)	(5.8)	(27.5)
Proceeds from sales of property, equipment and other assets	1.7	4.9	32.9
Loss from settlement of cross currency swaps	(61.8)	—	—
Impact of sale of Diversey	2,184.4	—	—
Settlement of foreign currency forward contracts	(8.7)	(46.0)	24.0
Net cash provided by (used in) investing activities	$1,813.6	$(314.8)	$(60.0)
Cash flows from financing activities:			
Net (payments) proceeds from short-term borrowings	$(93.7)	$(154.2)	$111.2
Cash used as collateral on borrowing arrangements	25.4	3.6	(20.5)
Proceeds from cross currency swap	17.4	—	—
Proceeds from long-term debt	—	—	855.0
Payments of long-term debt[2]	(369.5)	(27.1)	(754.3)
Excess tax benefit from common stock issued in the Settlement agreement[1]	—	—	46.2
Dividends paid on common stock	(119.7)	(121.6)	(106.8)
Repurchases of common stock[3]	(1,302.1)	(217.0)	(802.0)
Payments for debt issuance costs	—	—	(8.8)
Payments for debt extinguishment costs	—	(0.1)	(99.4)
Acquisition of common stock for tax withholding	(22.1)	(30.7)	(9.3)
Other financing activities	—	6.2	—

Net cash used in financing activities	$(1,864.3)	$(540.9)	$(788.7)
Effect of foreign currency exchange rate changes on cash and cash equivalents	$(113.4)	$(39.2)	$(60.4)
Net change in cash and cash equivalents	260.3	12.0	73.0

SEALED AIR CORPORATION AND SUBSIDIARIES

	Year Ended December 31,		
(In millions)	2017	2016	2015[1]
Balance, beginning of period	$333.7	$321.7	$248.7
Net change during the period	260.3	12.0	73.0
Balance, end of period	$594.0	$333.7	$321.7
Supplemental Cash Flow Information:			
Interest payments, net of amounts capitalized	$210.8	$215.1	$229.7
Income tax payments	$161.7	$125.8	$101.6
Payments related to sale of Diversey	$180.8	$—	$—
SARs payments (less amounts included in restructuring payments)	$—	$1.9	$20.7
Restructuring payments including associated costs	$49.3	$66.1	$98.3
Non-cash items:			
Transfers of shares of our common stock from treasury for our 2016, 2015 and 2014 profit-sharing plan contributions	$22.3	$37.6	$36.7

See accompanying notes to Consolidated Financial Statements.

(1) During the first quarter of 2015, the Company received the tax refund of $235.2 million related to the Settlement agreement payment. See Note 16 “Income Taxes” of the Notes to Consolidated Financial Statements for further discussion of the out-of-period adjustment.

(2) Payments of borrowings included in financing activities excludes amounts which were paid using cash proceeds from the sale of Diversey. As a result, $755.2 million of payments of borrowings is included within investing activities for a total payment of borrowings of $1.1 billion through the year ended December 31, 2017.

(3) The Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase $400.0 million of the Company’s common stock. The full amount was paid as of December 31, 2017; however, only $320.0 million was used to repurchase shares at that point in time. The ASR program concluded in February 2018.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 Organization and Nature of Operations

We are a global leader in food safety and security 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, employees and investors.

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

Note 2 Summary of Significant Accounting Policies and Recently Issued Accounting Standards

Summary of Significant Accounting Policies

Basis of Presentation

Our 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. All amounts are in millions, except per share amounts, and are approximate due to rounding.

Reclassification

The Consolidated Balance Sheet as of December 31, 2016 has been revised to properly reflect the reclassification of deferred tax assets which were not transferred as a part of the sale of Diversey. The result is that $10.9 million of non-current assets held for sale and $16.3 million of non-current liabilities held for sale were reclassified to deferred tax assets.

Use of Estimates

The preparation of our Consolidated Financial Statements and related disclosures in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include, among other items, assessing the collectability of receivables, the use and recoverability of inventory, the estimation of fair value of financial instruments, assumptions used in the calculation of income taxes, useful lives and recoverability of tangible assets and goodwill and other intangible assets, assumptions used in our defined benefit pension plans and other post-employment benefit plans, estimates related to self-insurance such as the aggregate liability for uninsured claims using historical experience, insurance and actuarial estimates and estimated trends in claim values, fair value measurement of assets, costs for incentive compensation and accruals for commitments and contingencies. We review these estimates and assumptions periodically using historical experience and other factors and reflect the effects of any revisions in the Consolidated Financial Statements in the period we determine any revisions to be necessary. Actual results could differ from these estimates.

Financial Instruments

We may use financial instruments, such as cross-currency swaps, interest rate swaps, caps and collars, U.S. Treasury lock agreements and foreign currency exchange forward contracts and options relating to our borrowing and trade activities. We may use these financial instruments from time to time to manage our exposure to fluctuations in interest rates and foreign currency exchange rates. We do not purchase, hold or sell derivative financial instruments for trading purposes. We face credit risk if the counterparties to these transactions are unable to perform their obligations. Our policy is to have counterparties to these contracts that have at least an investment grade rating.

We report derivative instruments at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes. Before entering into any derivative transaction, we identify our specific financial risk, the appropriate hedging instrument to use to reduce this risk, and the correlation between the financial risk and the hedging instrument. We use forecasts and historical data as the basis for determining the anticipated values of the transactions to be hedged. We do not enter into derivative transactions that do not have a high correlation with the

underlying financial risk we

are trying to reduce. We regularly review our hedge positions and the correlation between the transaction risks and the hedging instruments.

We account for derivative instruments as hedges of the related underlying risks if we designate these derivative instruments as hedges and the derivative instruments are effective as hedges of recognized assets or liabilities, forecasted transactions, unrecognized firm commitments or forecasted intercompany transactions.

We record gains and losses on derivatives qualifying as cash flow hedges in accumulated other comprehensive income, to the extent that hedges are effective and until the underlying transactions are recognized on the Consolidated Statements of Operations, at which time we recognize the gains and losses on the Consolidated Statements of Operations. We recognize gains and losses on qualifying fair value hedges and the related loss or gain on the hedged item attributable to the hedged risk on the Consolidated Statements of Operations.

Generally, 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. Any deferred gains or losses associated with derivative instruments are recognized on the Consolidated Statements of Operations over the period in which the income or expense on the underlying hedged transaction is recognized.

See Note 12, “Derivatives and Hedging Activities,” of the Notes to Consolidated Financial Statements for further details.

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,” of the Notes to Consolidated Financial Statements for further details on our fair value measurements.

Foreign Currency Translation

In non-U.S. locations that are not considered highly inflationary, we translate the balance sheets at the end of period exchange rates with translation adjustments accumulated in stockholders’ equity on our Consolidated Balance Sheets. We translate the statements of operations at the average exchange rates during the applicable period.

We translate assets and liabilities of our operations in countries with highly inflationary economies at the end of period exchange rates, except that nonmonetary asset and liability amounts are translated at historical exchange rates. In countries with highly inflationary economies, we translate items reflected in the statements of operations at average rates of exchange prevailing during the period, except that nonmonetary amounts are translated at historical exchange rates.

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 re-measured 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 gains and losses related to our Venezuelan subsidiaries on the 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 as noted above. When this market opened on February 12, 2015 the rate was 170.0390 and then at December 31, 2015 it was 198.6986. The SICAD 1 and the SICAD 2 were merged into the SICAD. The opening rate was 12.0 for the SICAD and at December 31, 2015 it was 13.5. In addition, the 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 had very little activity and companies have not been able to access this market to obtain U.S. dollars. In addition, the SICAD rate which is 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 U.S. dollars:

- CENCOEX at the official rate of 6.3;
- SICAD auction process at the awarded exchange rate (opening rate at 12.0 and at December 31, 2015 it was 13.5); and
- SIMADI at the negotiated rate (rate of 198.6986 at December 31, 2015).

At December 31, 2015, we evaluated which legal mechanisms were available to our Venezuelan subsidiaries to access U.S. dollars. Starting June 2015 and at 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 our intent on a go-forward basis to utilize this market to settle any future transactions based on then current facts and circumstances. During 2015, the Company did not receive U.S. dollars via the CENCOEX official rate of 6.3. We were only able to access the SIMADI market and only received minimal amounts of U.S. dollars. As a result of this evaluation, the Company reported a remeasurement loss of $33.1 million (of which $5.9 million was allocated to net earnings from discontinued operations, net of taxes) for the year ended December 31, 2015.

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. dollar and is no longer called CENCOEX but was called 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 December 31, 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, second and third 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 current facts and circumstances. The DICOM rate as of December 31, 2016 was 673.7617.

During 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 $3.4 million (of which $1.7 million was recorded to net earnings from discontinued operations, net of taxes) for the year ended December 31, 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 $49.4 million being incurred which included the following (i) a voluntary reduction in headcount including severance and termination benefits for employees of $0.3 million, (ii) depreciation and amortization expense related to fixed assets and intangibles of $0.5 million, (iii) inventory reserves of $0.4 million, (iv) income tax expense of $0.9 million and (v) the reclassification of $47.3 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.

2017 Activity

On May 19, 2017, the Venezuelan government published in Exchange Agreement No. 38 that the DICOM system would now operate through an auction process which is referred to as the new DICOM. This became effective on May 23, 2017.

At December 31, 2017, we concluded that we would continue to use the DICOM rate to remeasure our remaining 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 if needed, to settle any future transactions based on current facts and circumstances. During 2017, we did not receive any U.S dollars via any of the legal mechanisms noted above. The new DICOM rate as of December 31, 2017 was 3,345.0 which reflects the last auction in June 2017. As a result of this evaluation, the Company reported a remeasurement loss of less than $1.0 million for the year ended December 31, 2017 (which included less than $0.1 million of income related to continuing operations).

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.

Commitments and Contingencies — Litigation

On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. 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 make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. 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. We expense legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred.

Revenue Recognition

Our revenue earning activities primarily involve manufacturing and selling products, and we consider revenues to be earned when we have completed the process by which we are entitled to receive consideration. The following criteria are used for revenue recognition: persuasive evidence that an arrangement exists, shipment has occurred, selling price is fixed or determinable, and collection is reasonably assured.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales on the Consolidated Statements of Operations.

Charges for rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the associated revenue is recorded. When we estimate our rebate accruals, we consider customer-specific contractual commitments including stated rebate rates and history of actual rebates paid. Our rebate accruals are reviewed at each reporting period and adjusted to reflect data available at that time. We adjust the accruals to reflect any differences between estimated and actual amounts. These adjustments impact the amount of net sales recognized by us in the period of adjustment. Charges for rebates and other allowances were approximately 5% of gross sales in 2017, approximately 5% of gross sales in 2016 and 4% of gross sales in 2015. We expect 2018 rebates and other allowances to be approximately the same percentage of gross sales as in 2017.

Shipping and Handling Costs

Costs incurred for the transfer and delivery of goods to customers are recorded as a component of cost of sales.

Research and Development

We expense research and development costs as incurred. Research and development costs were $91.8 million in 2017, $88.0 million in 2016 and $85.0 million in 2015.

Share-Based Incentive Compensation

At the 2014 Annual Meeting, the 2014 Omnibus Incentive Plan (the “Omnibus Plan”), was approved by our stockholders. The Omnibus Plan replaced the 2005 Contingent Stock Plan, and no new awards were granted under that plan. Any awards outstanding under the 2005 Contingent Stock Plan on the date of stockholder approval of the Omnibus Plan will remain subject to and be paid under the 2005 Contingent Stock Plan. See Note 18, “Stockholders’ Equity,” of the Notes to the Consolidated Financial Statements for further information on this plan.

We record share-based compensation awards exchanged for employee services at fair value on the date of grant and record the expense for these awards in cost of sales and in selling, general and administrative expense, as applicable, on our Consolidated Statements of Operations over the requisite employee service period. Share-based incentive compensation expense includes an estimate for forfeitures and anticipated achievement levels and is generally recognized over the expected term of the award on a straight-line basis. The Company accelerates expense using a graded vesting schedule for employees who meet retirement eligibility requirements prior to the end of the award’s service period. For performance-based awards, the Company reassesses at each reporting date whether achievement of the performance condition is probable and accrues compensation expense if and when achievement of the performance condition is probable. For market based awards, the fair value of the award is determined at the grant date and is recognized at 100% over the performance period regardless of actual market condition performance.

Environmental Expenditures

We expense or capitalize environmental expenditures that relate to ongoing business activities, as appropriate. We expense costs that relate to an existing condition caused by previous operations and which do not contribute to current or future net sales. We record liabilities when we determine that environmental assessments or remediation expenditures are probable and that we can reasonably estimate the associated cost or a range of costs.

Income Taxes

We file a consolidated U.S. federal income tax return and our non-U.S. subsidiaries file income tax returns in their respective local jurisdictions. We provide for U.S. income taxes on those portions of our foreign subsidiaries’ accumulated earnings that we believe are not reinvested indefinitely in our businesses.

We account for income taxes under the asset and liability method to provide for income taxes on all transactions recorded in the Consolidated Financial Statements. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax benefit carryforwards. We determine deferred tax assets and liabilities at the end of each period using enacted tax rates.

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 financial statements from such positions are measured based on the largest amount of benefit that has a greater than fifty

percent likelihood of being realized upon settlement with tax authorities. We recognize interest and penalties related to unrecognized tax benefits in income tax expense on our Consolidated Statements of Operations.

See Note 16, “Income Taxes,” of the Notes to Consolidated Financial Statements for further discussion.

Cash and Cash Equivalents

We consider highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Our policy is to invest cash in excess of short-term operating and debt service requirements in cash equivalents. Cash equivalents are stated at cost, which approximates fair value because of the short-term maturity of the instruments. Our policy is to transact with counterparties that are rated at least A- by Standard & Poor’s and A3 by Moody’s. Some of our operations are located in countries that are rated below A- or A3. In this case, we try to minimize our risk by holding cash and cash equivalents at financial institutions with which we have existing global relationships whenever possible, diversifying counterparty exposures and minimizing the amount held by each counterparty and within the country in total.

Accounts Receivable Securitization Programs

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 an issuer of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of undivided fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and an issuer 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 Consolidated Balance Sheets. 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 Consolidated Balance Sheets.

In February 2013, we entered into a European accounts receivable securitization and purchase program with a special purpose vehicle, or SPV, two banks and a group of our European subsidiaries. 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 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 Consolidated Balance Sheets. 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 Consolidated Balance Sheets.

See Note 8, “Accounts Receivable Securitization Programs” of the Notes to Consolidated Financial Statements for further details.

Trade Receivables, Net

In the normal course of business, we extend credit to customers that satisfy pre-defined credit criteria. Trade receivables, which are included on the Consolidated Balance Sheets, are net of allowances for doubtful accounts. We maintain trade receivable allowances 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 deteriorate.

Inventories

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 determined using the FIFO method. We state inventories at the lower of cost or market. Costs related to inventories include raw materials, direct labor and manufacturing overhead

which are included in cost of sales on the Consolidated Statements of Operations.

Property and Equipment, Net

We state property and equipment at cost, except for the fair value of acquired property and equipment and property and equipment that have been impaired, for which we reduce the carrying amount to the estimated fair value at the impairment date. We capitalize significant improvements and charge repairs and maintenance costs that do not extend the lives of the assets to expense as incurred. We remove the cost and accumulated depreciation of assets sold or otherwise disposed of from the accounts and recognize any resulting gain or loss upon the disposition of the assets. We depreciate the cost of property and equipment over their estimated useful lives on a straight-line basis as follows: buildings — 20 to 40 years; machinery and equipment — 5 to 10 years; and other property and equipment — 2 to 10 years.

Asset Retirement Obligations

The company records asset retirement obligations at fair value at the time the liability is incurred if a reasonable estimate of fair value can be made. Accretion expense is recognized as an operating expense using the credit-adjusted risk-free interest rate in effect when the liability was recognized. The associated asset retirement obligations are capitalized as part of the carrying amount of the long-lived asset and depreciated over the estimated remaining useful life of the asset. The useful lives of property and equipment are discussed previously in the Property and Equipment, net section.

Goodwill and Identifiable Intangible Assets

Goodwill represents the excess of the aggregate of the following (1) consideration transferred, (2) the fair value of any noncontrolling interest in the acquiree and, (3) if the business combination is achieved in stages, the acquisition-date fair value of our previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Identifiable intangible assets consist primarily of patents, licenses, trademarks, trade names, customer lists and relationships, non-compete agreements and technology based intangibles and other contractual agreements. We amortize finite lived identifiable intangible assets over the shorter of their stated or statutory duration or their estimated useful lives, generally ranging from 3 to 15 years, on a straight-line basis to their estimated residual values and periodically review them for impairment. Total identifiable intangible assets comprise 1.6% and 0.5% in 2017 and 2016, respectively, of our consolidated total assets.

We use the acquisition method of accounting for all business combinations and do not amortize goodwill or intangible assets with indefinite useful lives. Goodwill and intangible assets with indefinite useful lives are tested 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.

Long-Lived Assets

Impairment and Disposal of Long-Lived Assets

For finite-lived intangible assets, such as customer relationships, contracts, 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 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 the fair value, if any. In addition, in all cases of an impairment review we re-evaluate whether continuing to characterize the asset as indefinite-lived is appropriate. See Note 7, “Goodwill and Identifiable Intangible Assets” of the Notes to Consolidated Financial Statements for additional details.

Self-Insurance

We retain the obligation for specified claims and losses related to property, casualty, workers’ compensation and employee benefit claims. We accrue for outstanding reported claims and claims that have been incurred but not reported based upon management’s estimates of the aggregate liability for retained losses using historical experience, insurance company

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estimates and the estimated trends in claim values. Our estimates include management's and independent insurance companies' assumptions regarding economic conditions, the frequency and severity of claims and claim development patterns and settlement practices. These estimates and assumptions are monitored and evaluated on a periodic basis by management and are adjusted when warranted by changing circumstances. Although management believes it has the ability to adequately project and record estimated claim payments, actual results could differ significantly from the recorded liabilities.

Pensions

For a number of our U.S. and international employees, we maintain defined benefit pension plans. 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.

We review and approve the assumptions made by our third-party actuaries regarding the valuation of benefit obligations and performance of plan assets. The principal assumptions concern the discount rate used to measure future obligations, the expected future rate of return on plan assets, the expected rate of future compensation increases and various other actuarial assumptions. The measurement date used to determine benefit obligations and plan assets is December 31 for all material plans (November 30 for non-material plans). In general, significant changes to these assumptions could have a material impact on the costs and liabilities recorded in our Consolidated Financial Statements.

See Note 14, "Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans," of the Notes to Consolidated Financial Statements for information about the Company's benefit plans.

Net Earnings per Common Share

Basic earnings per common share is calculated by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Non-vested share-based payment awards that contain non-forfeitable rights to dividends are treated as participating securities and therefore included in computing earnings per common share using the "two-class method." The two-class method is an earnings allocation formula that calculates basic and diluted net earnings per common share for each class of common stock separately based on dividends declared and participation rights in undistributed earnings. The non-vested restricted stock issued under our Omnibus Plan and our 2005 Contingent Stock Plan are considered participating securities since these securities have non-forfeitable rights to dividends when we declare a dividend during the contractual vesting period of the share-based payment award and therefore included in our earnings allocation formula using the two-class method. When calculating diluted net earnings per common share, the more dilutive effect of applying either of the following is presented: (a) the two-class method (described above) assuming that the participating security is not exercised or converted, or, (b) the treasury stock method for the participating security. Our diluted net earnings per common share for all periods presented was calculated using the two-class method since such method was more dilutive.

See Note 21, "Net Earnings Per Common Share," of the Notes to Consolidated Financial Statements for further discussion.

Recently Issued Accounting Standards

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities ("ASU 2017-12"). This update intends to align the financial statements with an entity's risk management activities. ASU 2017-12 will allow for changes in the designation and measurement of hedges as well as expand the disclosures of hedge results. The amendments in ASU 2017-12 are effective for annual periods beginning after December 15, 2018, including interim periods within those annual 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 May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting ("ASU 2017-09"). ASU 2017-09 amends the considerations for determining if a modification should be accounted for. This new guidance requires an entity to consider the fair value of an award before and after modification, the vesting conditions of the modified award and the classification of the modified award as an equity instrument. The amendments in ASU 2017-09 are effective for annual periods beginning after December 15, 2017, including interim periods within those annual 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 March 2017, the FASB issued ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Benefit Postretirement Benefit Cost ("ASU 2017-07"). ASU 2017-07 changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. This new guidance requires entities to report the service cost component in the same line item or items as other compensation costs. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component outside of income from operations. The amendments in ASU 2017-07 are effective for annual periods beginning after December 15, 2017, including interim periods within those annual 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 January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 eliminates Step 2 as part of the goodwill impairment test. The amount of the impairment charge to be recognized would now be the amount by which the carrying value exceeds the reporting unit's fair value. The loss to be recognized cannot exceed the amount of goodwill allocated to that reporting unit. The amendments in ASU 2017-04 are effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently in the process of evaluating this new standard update.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"). ASU 2017-1 provides a screen to determine when a set is not a business. This screen states that when substantially all of the fair value of the group assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. The amendments in ASU 2017-01 are effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early application is permitted for transactions for which the acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued. We are currently in the process of evaluating this new standard update.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"). ASU 2016-18 requires that entities include restricted cash and restricted cash equivalents with cash and cash equivalents in the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 are effective for fiscal years beginning after December 15, 2017, including interim reporting periods within those fiscal years. Early adoption, including adoption in interim periods, is permitted for all entities. Retrospective transition method is to be applied to each period presented. We are currently in the process of evaluating this new standard update.

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 entities 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. Similar modifications have been made to lessor accounting in-line with revenue recognition guidance. 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 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 within ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05, ASU 2017-10 and ASU 2017-13 (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. 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, 2017, 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, 2018 and allow early adoption as of the original public entity effective date. The amendments in ASU 2016-08, ASU 2016-10, ASU 2016-12, ASU 2017-05, ASU 2017-10 and ASU 2017-13 are effective in conjunction with ASU 2015-14.

The guidance permits two methods of adoption: full retrospective in which the standard is applied to all of the periods presented or modified retrospective where an entity will have to recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. We will adopt the modified retrospective method.

Our efforts to adopt this standard focused on contract analysis at a regional level. We have concluded our assessment and identified the most significant impact will be on the accounting for Free on Loan equipment in our Food Care division. Whereas today we do not recognize revenue on Free on Loan equipment, under the new standard, we

anticipate allocating revenue to that equipment and account for the lease component under ASC 840. ASC 606-10-15-4 states that a contract can be partially in scope of ASC 606 and partially in scope of another standard, in this case ASC 840. Sealed Air determined the proper accounting treatment for contracts with lease and non-lease components would be to allocate the transaction price of the contract to the separate lease and non-lease components, account for the non-lease components of the contract under ASC 606 and account for the lease components of the contract under ASC 840. During the contract analysis we also evaluated how the transaction price would be allocated across the performance obligations. It highlighted the need to adjust our equipment accrual balance, within the Food Care division, to reflect the stand alone selling price of the equipment within our portfolio.

Based on the information we have evaluated to date, we do not anticipate that the adoption of the amendments will have a significant impact on our consolidated financial statements with the exception of new and expanded disclosures. That said we

currently estimate the adjustment will result in a reduction to the opening balance of retained earnings in the range of $1 to $5 million.

Note 3 Discontinued Operations, Divestitures and Acquisitions

Discontinued Operations

On March 25, 2017, we entered into a definitive agreement to sell our Diversey Care division and the Food Hygiene and Cleaning business within our Food Care division for gross proceeds of USD equivalent of $3.2 billion, subject to customary closing conditions. The transaction was completed on September 6, 2017. We recorded a net gain on the sale of Diversey of $640.7 million, net of taxes of $197.5 million. We intend to use the cash generated from this transaction to repay debt and maintain our credit profile, repurchase shares to minimize earnings dilution, and fund core growth initiatives, including potential complementary acquisitions to our Food Care and Product Care divisions. The sale of Diversey will allow us to enhance our strategic focus on the Food Care and Product Care divisions and simplify our operating structure. We have classified the operating results from this business, together with certain costs related to the divestiture transaction, as discontinued operations, net of tax, in the Consolidated Statements of Operations for the three years ended December 31, 2017, 2016 and 2015. Assets and liabilities of this business are classified as “held for sale” in the Consolidated Balance Sheets as of December 31, 2016.

Summary operating results of Diversey were as follows:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net sales	$1,669.0	$2,567.0	$2,621.2
Cost of sales	950.4	1,440.3	1,489.8
Gross profit	718.6	1,126.7	1,131.4
Selling, general and administrative expenses	538.3	859.2	907.8
Amortization expense of intangible assets acquired	23.9	79.9	77.6
Operating profit	156.4	187.6	146.0
Other expense, net	(17.0)	(9.7)	(11.4)
Earnings from discontinued operations before income tax (benefit) provision	139.4	177.9	134.6
Income tax (benefit) provision from discontinued operations[1]	28.0	(16.2)	(42.0)
Net earnings from discontinued operations	$111.4	$194.1	$176.6

(1) For the year ended December 31, 2017, net earnings from discontinued operations included tax expense of $28.0 million, primarily driven by a change in our repatriation strategy and offset by a favorable earnings mix in jurisdictions with lower rates. For the year ended December 31, 2016, net earnings from discontinued operations were impacted by tax benefits of $16.2 million, primarily related to the release of reserves and favorable earnings mix in jurisdictions with lower tax rates. For the year ended December 31, 2015, net earnings from discontinued operations were impacted by tax benefits of $42.0 million, primarily related to the release of reserves and favorable earnings mix in jurisdictions with lower tax rates.

The carrying value of the major classes of assets and liabilities of Diversey were as follows:

(In millions)	December 31, 2016
Assets:	
Cash and cash equivalents	$ 30.0
Trade receivables, net	438.2
Inventories	203.2
Other receivables	70.3
Prepaid expenses and other current assets	80.6
Property and equipment, net	170.6
Goodwill	972.8
Intangible assets, net	669.9
Deferred taxes[1]	39.8
Other non-current assets	162.0
Total assets held for sale	$ 2,837.4
Liabilities:	
Short-term borrowings	$ 9.6
Current portion of long-term debt	31.1
Accounts payable	346.5
Other current liabilities	296.1
Long-term debt	175.7
Deferred taxes[1]	72.5
Other non-current liabilities	269.0
Total liabilities held for sale	$ 1,200.5

(1) As of December 31, 2016, $27.2 million of amounts which were previously classified as $10.9 million of non-current assets held for sale and $16.3 million of non-current liabilities held for sale were reclassified to deferred tax assets since the amounts were not transferred as part of the sale of Diversey.

The following table presents selected financial information regarding cash flows of Diversey that are included within discontinued operations in the Consolidated Statements of Cash Flows:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Non-cash items included in net earnings from discontinued operations:			
Depreciation and amortization	$29.3	$111.4	$112.5
Share-based incentive compensation	10.2	12.0	10.1
Profit sharing expense	3.0	2.9	4.5
Provision for bad debt	2.3	5.0	3.1
Capital expenditures	11.9	17.8	37.1

The amounts disclosed in the tables above have been excluded from disclosures unless otherwise noted.
On April 1, 2017, the Diversey Care division acquired the UVC disinfection portfolio of Daylight Medical, a manufacturer of innovative medical devices. The preliminary fair value of the consideration transferred was approximately $25.2 million which included $3.5 million of cash paid at closing as well as a preliminary fair value of $21.7 million related to $14.4 million of noncontingent consideration which will be paid in the future and a $7.3 million of preliminary fair value for liability-classified contingent consideration. The assets and liabilities acquired as

part of the acquisition are transferred with the sale of Diversey.

Divestitures

Sale of Latin American foam trays and absorbent pads business

On August 1, 2017, we entered into an agreement to sell our polystyrene food tray business in Guarulhos, Brazil for a gross purchase price of R$24.0 million (or $7.2 million as of December 31, 2017). The closing of the transaction is expected to occur in the first quarter of 2018 after certain conditions are met. The purchase price is subject to working capital, cash and debt adjustments. As of December 31, 2017, there was $3.1 million of assets held for sale and $2.2 million of liabilities held for sale on the Consolidated Balance Sheet.

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 $26.5 million pre-tax gain on sale of business, which is included in (Loss) gain on sale of business, net in the Consolidated Statement of Operations for the year ended December 31, 2015. Subsequent to December 31, 2015, we recorded an additional pre-tax loss on the sale of business primarily due to additional transaction costs of $0.2 million. This resulted in cumulative transaction costs of $7.2 million. This resulted in a cumulative pre-tax gain of $26.3 million on the sale of business. 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. The disposal of the North American foam trays and absorbent pads business did not qualify as a discontinued operation.

For the year ended December 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 taxes, which excludes certain allocated costs, including corporate support services, for which the Company would normally include in measuring its performance.

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. We recorded a $13.1 million pre-tax loss on the sale of business, which is included in (Loss) gain on sale of business, net in the Consolidated Statement of Operations for the year ended December 31, 2015.

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. Subsequent to December 31, 2015, 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 in 2016. This resulted in cumulative net proceeds of €16.5 million or approximately $17.7 million.

The European food trays business was part of the Company’s Food Care division. The European food trays business met the held for sale criteria in the fourth quarter of 2015 prior to its disposition. The disposal of the European food trays business did not qualify as a discontinued operation.

For the year ended December 31, 2015, the European food trays business contributed approximately $48.7 million of net sales and $6.9 million of earnings before income taxes which excludes certain allocated costs, including corporate support services for which the Company would normally include in measuring its performance.

Acquisitions

Acquisition of Fagerdala

On October 2, 2017, the Company acquired Fagerdala Singapore Pte Ltd. ("Fagerdala"), a manufacturer and fabricator of polyethylene foam based in Singapore, to join its Product Care division. We acquired 100% of Fagerdala shares for estimated consideration of S$144.7 million, or $106.6 million, net of cash acquired of $13.3 million, inclusive of purchase price adjustments which will be finalized in 2018. We plan to leverage Fagerdala’s manufacturing footprint

in Asia, expertise in foam manufacturing and fabrication, and commercial organization to grow sales in the consumer electronics, medical equipment and devices, automotive, temperature assurance, and e-commerce fulfillment sectors.

The following table summarizes the consideration transferred to acquire Fagerdala and the preliminary allocation of the purchase price among the assets acquired and liabilities assumed.

(In millions)	Preliminary Allocation As of October 2, 2017
Total consideration transferred	$ 106.6
Assets:	
Cash and cash equivalents	$ 13.3
Trade receivables, net	22.4
Inventory, net	10.0
Prepaid expenses and other current assets	8.4
Property and equipment, net	23.3
Intangible assets, net	41.4
Goodwill	39.3
Assets	$ 158.1
Liabilities:	
Short-term borrowings	$ 14.0
Accounts payable	6.9
Other current liabilities	15.1
Long-term debt, less current portion	3.8
Non-current deferred taxes	11.7
Liabilities	$ 51.5

The valuation of property, plant, and equipment, and intangible assets is preliminary. We expect to complete the valuation in the first half of 2018. All of the goodwill is allocated to the Product Care reporting unit. The $41.4 million value allocated to definite-lived intangible assets consists primarily of $28.7 million of customer relationships with a useful life of sixteen years, $10.8 million of trademarks and tradenames with a useful life of fifteen years and various acquired technologies of $1.9 million with useful lives of fifteen years.

Acquisition of Deltaplam

On August 1, 2017, the Company acquired Deltaplam Embalagens Indústria e Comércio Ltda ("Deltaplam"), a family owned and operated Brazilian flexible packaging manufacturer, to join its Food Care division. The preliminary fair value of the consideration transferred was approximately $25.8 million. We recorded the fair value of the assets acquired and liabilities assumed on the acquisition date, which included $10.8 million of goodwill and $6.2 million of intangible assets.

Acquisition of B+ Equipment

During the third quarter of 2015, we acquired 100% equity interest in the business of B+ Equipment, a company headquartered in France that designs, manufactures and services automated packaging equipment for order fulfillment operations. Our acquisition strategy is focused on best-in-class, disruptive technologies that extends Product Care’s leadership position. The acquisition of B+ further solidifies our position in the growing e-commerce market with a solution that focuses on reducing the cost of shipping and increasing productivity.

The fair value of the consideration transferred was $19.0 million which included an immaterial amount related to the fair value of contingent consideration. We recorded the fair value of the assets acquired and liabilities assumed on the acquisition date, which included $15.3 million of intangible assets. Goodwill of $6.4 million was recorded, which is not deductible for tax purposes.

Note 4 Segments

As a result of the sale of Diversey, we have changed our segment reporting structure. The Food Care division now excludes the Food Hygiene and Cleaning business, which is included in discontinued operations, and includes our Medical Applications and New Ventures businesses, which were previously reported in the “Other” category. The Other category also previously included “Corporate” which is now its own category.

The Company’s segment reporting structure now consists of two reportable segments and a Corporate category as follows:

- Food Care (including Medical Applications and New Ventures businesses); and
- Product Care.

The Company’s Food Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products and management team. Corporate 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. As of January 1, 2017, we modified our calculation of Adjusted EBITDA to exclude interest income. The impact in this modification was $7.5 million and $6.8 million for years ended December 31, 2016 and 2015, respectively. 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 U.S. GAAP net earnings from continuing operations to Non-U.S. GAAP Total Company Adjusted EBITDA set forth below. The accounting policies of the reportable segments and Corporate are the same as those applied to the Consolidated Financial Statements.

The following tables show net sales and Adjusted EBITDA by our segment reporting structure:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net Sales			
Food Care	$2,815.2	$2,686.8	$2,856.1
As a % of Total Company net sales	63.1 %	63.8 %	64.8 %
Product Care	1,646.4	1,524.5	1,554.2
As a % of Total Company net sales	36.9 %	36.2 %	35.2 %
Total Company Net Sales	$4,461.6	$4,211.3	$4,410.3

	Year Ended December 31,		
(In millions)	2017	2016	2015
Adjusted EBITDA from continuing operations			
Food Care	$608.3	$605.4	$643.7
Adjusted EBITDA Margin	21.6 %	22.5 %	22.5 %
Product Care	332.3	331.1	322.1
Adjusted EBITDA Margin	20.2 %	21.7 %	20.7 %
Corporate[1]	(107.3)	(127.3)	(115.7)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	$833.3	$809.2	$850.1
Adjusted EBITDA Margin	18.7 %	19.2 %	19.3 %

(1) Corporate includes costs previously allocated to the Diversey Care segment and Food Hygiene and Cleaning business of our Food Care segment which are included as part of continuing operations of $13.7 million, $15.0 million and $16.3 million for December 31, 2017, 2016 and 2015 respectively.

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

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net earnings from continuing operations	$62.8	$292.3	$158.8
Interest expense	(201.8)	(199.4)	(211.0)
Interest income	17.6	7.5	6.8
Income tax provision[1]	330.5	95.6	132.6
Depreciation and amortization[4]	(158.3)	(154.0)	(151.3)
Depreciation and amortization adjustments[2]	—	1.7	0.1
Special Items:			
Restructuring and other charges[1][5]	(12.1)	(2.5)	(48.7)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(14.3)	(19.8)	(25.7)
SARs	2.6	(0.7)	(3.9)
Foreign currency exchange loss related to Venezuelan subsidiaries	—	(1.7)	(27.2)
Charges related to ceasing operations in Venezuela[1]	—	(48.5)	—
Loss on debt redemption and refinancing activities	—	(0.1)	(110.0)
(Loss) gain on sale of North American foam trays and absorbent pads business and European food trays business	—	(1.8)	13.4
Charges related to acquisitions and divestitures and the sale of property, plant and equipment	(15.5)	—	—
Charges incurred related to the sale of Diversey	(68.6)	(1.4)	—
Settlement/curtailment benefits related to the sale of Diversey pension plans	13.5	—	—
Other Special Items[3]	(3.1)	(0.6)	(1.2)
Pre-tax impact of Special Items	(97.5)	(77.1)	(203.3)
Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations	$833.3	$809.2	$850.1

(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 2 “Summary of Significant Accounting Policies and Recently Issued Accounting Standards," of the Notes to Consolidated Financial Statements for further details.

(2) This includes accelerated depreciation of non-strategic assets related to restructuring programs which were $1.1 million and $0.1 million for the years ended December 31, 2016 and 2015, respectively.

(3) Other Special Items for the year ended December 31, 2017 primarily included transaction costs related to reorganizations. Other Special Items for the year ended December 31, 2016 primarily included legal fees associated with restructuring and immaterial divestitures and acquisitions partially offset by a reduction in a non-income tax reserve following the completion of a governmental audit. Other Special Items for the year ended December 31, 2015 primarily included legal fees associated with restructuring and acquisitions.

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

	Year Ended December 31,		
(In millions)	2017	2016	2015
Food Care	$103.8	$92.2	$97.1
Product Care	47.3	40.1	37.6
Corporate	7.2	21.7	16.6
Total Company depreciation and amortization[i]	$158.3	$154.0	$151.3

(i) Includes share-based incentive compensation of $38.2 million in 2017, $50.9 million in 2016 and $51.0 million in 2015.

(5) Restructuring and other charges by segment were as follows:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Food Care	$7.6	$1.6	$31.5
Product Care	4.5	0.9	17.2
Total Company restructuring and other charges[(i)]	$12.1	$2.5	$48.7

(i) For the year ended December 31, 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 which are identifiable by segment and reviewed by our chief operating decision maker by segment are allocated to the reportable segment assets, which are trade receivables, net, and finished goods inventories, net. All other assets are included in “Assets not allocated.”

	December 31,	
(In millions)	2017	2016
Assets:		
Trade receivables, net, and finished goods inventories, net		
Food Care	$511.5	$459.9
Product Care	339.1	261.5
Total segments and other	$850.6	$721.4
Assets not allocated		
Cash and cash equivalents	594.0	333.7
Property and equipment, net	998.4	889.6
Goodwill	1,939.8	1,882.9
Intangible assets, net	83.6	40.1
Assets held for sale	4.0	2,840.8
Other	809.9	707.0
Total	$5,280.3	$7,415.5

Allocation of Goodwill and Identifiable Intangible Assets to Reportable Segments

Our management views goodwill and identifiable intangible assets as corporate assets, so we do not allocate their balances to the reportable segments. However, we are required to allocate their balances to each reporting unit to perform our annual impairment review, which we do during the fourth quarter of the year using a measurement date of October 1st. See Note 7, “Goodwill and Identifiable Intangible Assets, Net,” of the Notes to Consolidated Financial Statements for the allocation of goodwill and identifiable intangible assets and the changes in their balances in the year ended December 31, 2017 by our segment reporting structure, and the details of our impairment review.

Geographic Information

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net sales[1]:			
North America[3]	$2,415.0	$2,237.8	$2,315.2
EMEA	984.7	962.7	1,033.1
Latin America	409.3	396.8	423.3
APAC	652.6	614.0	638.7
Total	$4,461.6	$4,211.3	$4,410.3
Total long-lived assets[1][2]:			
North America	$639.6	$633.5	
EMEA	274.1	213.3	
Latin America	74.6	68.7	
APAC	226.0	149.5	
Total	$1,214.3	$1,065.0	

(1) Net sales to external customers attributed to geographic areas represent net sales to external customers based on destination. No non-U.S. country accounted for net sales in excess of 10% of consolidated net sales for the years ended December 31, 2017, 2016 or 2015 or long-lived assets in excess of 10% of consolidated long-lived assets at December 31, 2017 and 2016.

(2) Total long-lived assets represent total assets excluding total current assets, deferred tax assets, goodwill, intangible assets and non-current assets held for sale.

(3) Net sales to external customers within the U.S. were $2,278.6 million for the year ended December 31, 2017, $2,112.1 million for the year ended December 31, 2016 and $2,188.8 million for the year ended December 31, 2015.

Note 5 Inventories

The following table details our inventories:

	December 31,	
(In millions)	2017	2016
Inventories, net:		
Raw materials	$82.8	$81.5
Work in process	125.7	114.4
Finished goods	298.3	260.8
Total	$506.8	$456.7

Note 6 Property and Equipment, net

The following table details our property and equipment.

	December 31,	
(In millions)	2017	2016
Land and improvements	$43.5	$41.6
Buildings	718.9	600.2
Machinery and equipment	2,330.5	2,091.5
Other property and equipment	116.3	104.3
Construction-in-progress	114.7	210.1
Property and equipment, gross	3,323.9	3,047.7
Accumulated depreciation and amortization	(2,325.5)	(2,158.1)
Property and equipment, net	$998.4	$889.6

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment for the years ended December 31.

	Year Ended December 31,		
(In millions)	2017	2016	2015
Interest cost capitalized	$10.3	$11.0	$5.4
Depreciation and amortization expense for property and equipment	$107.0	$88.2	$89.1

Note 7 Goodwill and Identifiable Intangible Assets, Net

Goodwill

We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year, using a measurement date of October 1st, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company performed a qualitative assessment of the goodwill by reporting unit as of October 1, 2017, during the fourth quarter of 2017, and concluded that it was more likely than not that the fair value of each of the reporting units exceeded its carrying amount. In assessing the qualitative factors, the Company considered the impact of key factors including macroeconomic conditions, industry and market considerations, cost factors, and other relevant entity-and reporting unit-specific events. As such, it was not necessary to perform the two-step quantitative goodwill impairment test at that time. In addition, there have been no significant events or circumstances affecting the valuation of goodwill subsequent to the qualitative assessment performed in the fourth quarter of the fiscal year ended December 31, 2017. If the qualitative factors had indicated that it was more likely than not that the fair value of the reporting units was less than its carrying amount, the Company would have tested goodwill for impairment at the reporting unit level using a two-step approach.

The goodwill impairment test involves a two-step process. In step one, we compare the fair value of each of our reporting units 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 was 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.

Allocation of Goodwill to Reporting Units

The following table shows our goodwill balances by our segment reporting structure:

(In millions)	Food Care	Product Care	Total
Carrying Value at December 31, 2016	$510.8	$1,372.1	$1,882.9
Acquisition and divestiture	10.1	39.3	49.4
Currency translation	6.0	1.5	7.5
Carrying Value at December 31, 2017	$526.9	$1,412.9	$1,939.8

As noted above, it was determined under a qualitative assessment that it was more likely than not that the fair value of any reporting unit was less than its carrying amount. Therefore, there was no impairment of goodwill. However, if the fair value decreases in future periods, the Company may fail step one of the goodwill impairment test and be required to perform step two. In performing step two, the fair value would have to be allocated to all of the assets and liabilities of the reporting unit. Therefore, any potential goodwill impairment charge would be dependent upon the estimated fair value of the reporting unit at that time and the outcome of step two of the impairment test. The fair values of the assets and liabilities of the reporting unit, including the intangible assets could vary depending on various factors.

The future occurrence of a potential indicator of impairment, such as a decrease in expected net earnings, adverse equity market conditions, a decline in current market multiples, a decline in our common stock price, a significant adverse change in legal factors or business climates, an adverse action or assessment by a regulator, unanticipated 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, could require an interim assessment for some or all of the reporting units before the next required annual assessment. In the event of significant adverse changes of the nature described above, we might have to recognize a non-cash impairment of goodwill, which could have a material adverse effect on our consolidated financial condition and results of operations.

Identifiable Intangible Assets, Net

The following tables summarize our identifiable intangible assets, net with definite and indefinite useful lives:

	December 31, 2017			December 31, 2016		
(In millions)	Gross Carrying Value	Accumulated Amortization	Net [1]	Gross Carrying Value	Accumulated Impairment	Net
Customer relationships	$59.7	$ (19.7)	$40.0	$25.0	$ (17.5)	$7.5
Trademarks and tradenames	11.6	(0.5)	11.1	0.6	(0.2)	0.4
Capitalized software	50.6	(40.0)	10.6	42.6	(31.2)	11.4
Technology	39.2	(27.5)	11.7	34.4	(24.2)	10.2
Contracts	10.9	(9.6)	1.3	10.6	(8.9)	1.7
Total intangible assets with definite lives	172.0	(97.3)	74.7	113.2	(82.0)	31.2
Trademarks and tradenames with indefinite lives	8.9	—	8.9	8.9	—	8.9
Total identifiable intangible assets	$180.9	$ (97.3)	$83.6	$122.1	$ (82.0)	$40.1

(1) As of December 31, 2017, amounts include intangible assets inquired as part of the Fagerdala acquisition. See Note 3, "Discontinued Operations, Divestitures and Acquisitions" to the Notes to Consolidated Financial Statements for additional information related to the Fagerdala acquisition.

The following table shows the remaining estimated future amortization expense at December 31, 2017.

Year	Amount (in millions)
2018	$ 11.1
2019	8.1
2020	5.8
2021	5.3

Thereafter	44.4
Total	$ 74.7

Amortization expense was $13.1 million in 2017, $15.0 million in 2016 and $11.1 million in 2015.

The following table shows the remaining weighted average useful life of our definite lived intangible assets as of December 31, 2017.

	Remaining weighted average useful lives
Customer relationships	15.3
Trademarks and trade names	14.5
Technology	3.3
Contracts	3.7
Total identifiable intangible assets, net with definite lives	11.5

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 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 Consolidated Balance Sheets.

As of December 31, 2017, the maximum purchase limit for receivable interests was $60.0 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $60.0 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 year ended December 31, 2017, the level of eligible assets available under the program was lower than $60.0 million primarily due to certain required reserves against our receivables. As a result, the amount available to us under the program was $58.1 million at December 31, 2017. 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 August and is renewable.

European Accounts Receivable 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 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 Consolidated Balance Sheets. The net trade

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receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Consolidated Balance Sheets.

As of December 31, 2017, the maximum purchase limit for receivable interests was €80.0 million, ($95.5 million equivalent at December 31, 2017) subject to availability limits. The terms and provisions of this program are similar to our U.S. program discussed above. As of December 31, 2017, the amount available under this program before utilization was €80.0 million ($95.5 million equivalent as of December 31, 2017).

This program expires annually in August and is renewable.

Utilization of Our Accounts Receivable Securitization Programs

As of December 31, 2017, there were no amounts outstanding under our U.S. and European programs. 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 approximately $1.0 million for the year ended December 31, 2017, $1.3 million for the year ended December 31, 2016 and less than $1.0 million for the year ended December 31, 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 December 31, 2017.

As of December 31, 2016, there were no amounts outstanding under our U.S. and European programs.

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”) and the May 2013 Earnings Quality Improvement Program (“EQIP”) were substantially complete and did not significantly impact 2017. The December 2014 Fusion program had significant activity in 2017.

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 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 to our new global headquarters in Charlotte, North Carolina. The cost of the Charlotte campus was estimated to be approximately $120.0 million. The Program also includes costs associated with the sale of Diversey.

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	$260-$270
Other expenses associated with the Program	130-135
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	$ 237
Other expenses associated with the Program	123
Total Cumulative Expense	$ 360
Cumulative capital expenditures	$ 235

The following table details our restructuring activities as reflected in the Statement of Operations for the twelve months ended December 31, 2017, 2016 and 2015:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Continuing operations:			
Other associated costs	$14.3	$19.8	$25.7
Restructuring charges	12.1	2.5	48.7
Total charges from continuing operations	26.4	22.3	74.4
Charges included in discontinued operations	2.4	18.6	46.8
Total charges	$28.8	$40.9	$121.2
Capital Expenditures	$21.3	$123.5	$52.0

The restructuring accrual, spending and other activity for the year ended December 31, 2017 and the accrual balance remaining at December 31, 2017 related to the Program were as follows:

(In millions)	
Restructuring accrual at December 31, 2016	$47.4
Accrual and accrual adjustments	12.1
Cash payments during 2017	(36.8)
Transfers as part of the Diversey sale	(5.5)
Effect of changes in foreign currency exchange rates	(1.1)
Restructuring accrual at December 31, 2017	$16.1

We expect to pay $15.4 million of the accrual balance remaining at December 31, 2017 within the next twelve months. This amount is included in accrued restructuring costs on the Consolidated Balance Sheet at December 31, 2017. The majority of the remaining accrual of $0.7 million is expected to be paid in 2019. This amount is included in other non-current liabilities on our Consolidated Balance Sheet at December 31, 2017.

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Note 10 Other Current and Non-Current Liabilities

The following tables detail our other current liabilities and other non-current liabilities at December 31, 2017 and 2016:

	December 31,	
(In millions)	2017	2016
Other current liabilities:		
Accrued salaries, wages and related costs	$194.0	$149.4
Accrued operating expenses[1]	237.2	156.8
Accrued customer volume rebates	87.9	76.1
Accrued interest	38.5	37.9
Accrued employee benefit liability	4.4	3.2
Total	$562.0	$423.4

	December 31,	
(In millions)	2017	2016
Other non-current liabilities:		
Accrued employee benefit liability	$163.7	$172.4
Other postretirement liability	46.1	51.7
Other various liabilities[1]	281.0	178.0
Total	$490.8	$402.1

(1) As of December 31, 2017, accrued operating expenses and other various liabilities included income tax liabilities of $36.4 million and $227.6 million, respectively.

Note 11 Debt and Credit Facilities

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

	December 31,	
(In millions)	2017	2016
Short-term borrowings [1]	$25.3	$83.0
Current portion of long-term debt	2.2	297.0
Total current debt	27.5	380.0
Term Loan A due July 2019	222.7	818.3
6.50% Senior Notes due December 2020	423.6	423.1
4.875% Senior Notes due December 2022	420.4	419.6
5.25% Senior Notes due April 2023	420.4	419.7
4.50% Senior Notes due September 2023	474.3	416.7
5.125% Senior Notes due December 2024	420.7	420.2
5.50% Senior Notes due September 2025	396.7	396.4
6.875% Senior Notes due July 2033	445.4	445.3
Other	6.3	3.3
Total long-term debt, less current portion[3]	3,230.5	3,762.6
Total debt[2][4]	$3,258.0	$4,142.6

(1) Short-term borrowings of $25.3 million at December 31, 2017 are comprised of $2.1 million of Diversey accounts payable obligations under financing arrangements which Sealed Air was fully reimbursed for as part of the sale of

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Diversey as well as $23.2 million of short-term borrowing from various lines of credit. Short-term borrowings at December 31, 2016 were comprised primarily of $83.0 million of short-term borrowings from various lines of credit.

(2) As of December 31, 2017, our weighted average interest rate on our short-term borrowings outstanding was 5.4% and on our long-term debt outstanding was 5.3%. As of December 31, 2016, our weighted average interest rate on our short-term borrowings outstanding was 4.8% and on our long-term debt outstanding was 4.7%.

(3) Amounts are net of unamortized discounts and issuance costs of $29.5 million as December 31, 2017 and $36.3 million as of December 31, 2016.

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

Senior Notes

2015 Activity

In the second quarter 2015, Sealed Air issued $400 million of 5.50% Senior Notes due September 15, 2025 and €400 million of 4.50% Senior Notes due September 15, 2023. The proceeds from these notes were used to repurchase the Company's $750 million 8.375% Notes due September 2021. The aggregate repurchase price was $866 million, which included the principal amount of $750 million, a premium of $99 million and accrued interest of $17 million. We recognized a total pre-tax loss of $110 million on the repurchase, which included the premiums mentioned above. Also included in the loss on debt redemption was $11 million of accelerated amortization of original non-lender fees related to the 8.375% Senior Notes. We also capitalized $8 million of non-lender fees incurred in connection with the 5.50% Senior Notes and 4.50% Senior Notes that are included in long-term debt, less current portion on our Consolidated Balance Sheet.

Credit Facility

2017 Activity

On July 1, 2017, we executed an amendment to the Amended Credit Facility in order to permit the sale of Diversey. The amendment primarily allowed us to take steps necessary for the legal separation of the Diversey business and release the loan security effective with the sale closing. Subsequent to the execution of the amendment, we prepaid the Brazilian tranche of our Term Loan A facility due in July 2019 in the amount of $96.3 million in connection with the anticipated Diversey transaction. An additional $755.2 million of this facility was prepaid in conjunction with the Diversey closing. As of December 31, 2017, the remaining balance of this facility was $222.7 million and no further amortization payments will be required before the maturity of the facility.

Also, in July 2017, we paid the full $250.0 million principal balance of the Term Loan A facility due in July 2017, upon its maturity.

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.

	December 31,	
(In millions)	2017	2016
Used lines of credit [1][2]	$23.2	$83.0
Unused lines of credit	1,108.6	1,074.4
Total available lines of credit[3]	$1,131.8	$1,157.4

(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) At the end of 2017 there was no cash held on deposit. As of December 31, 2016, there were $25.4 million of cash held on deposit as a compensating balance for certain short-term borrowings.

(3) Of the total available lines of credit, $855.5 million were committed as of December 31, 2017.

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Second Amended and Restated Credit Agreement 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 Second Amended and Restated Credit Agreement). We were in compliance with the above financial covenants and limitations at December 31, 2017 and 2016.

Debt Maturities

The following table summarizes the scheduled annual maturities for the next five years and thereafter of our long-term debt, including the current portion of long-term debt and capital leases. This schedule represents the principle portion of our debt, and therefore excludes debt discounts, interest rate swaps and lender and finance fees.

Year	Amount (in millions)
2018	$2.2
2019	228.2
2020	425.9
2021	0.4
2022	425.1
Thereafter	2,180.5
Total	$3,262.3

Note 12 Derivatives and Hedging Activities

We report all derivative instruments on our 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 AOCI 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 Consolidated Statements of Operations. Cash flows from derivative financial instruments are classified as cash flows from operating activities on the Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Net unrealized after-tax (losses) gains related to these contracts that were included in AOCI were $(5.0) million, $1.6 million and $5.9 million for the years ended December 31, 2017, 2016 and 2015, respectively. The unrealized amounts in AOCI will fluctuate based on changes in the fair value of open contracts during each reporting period. We estimate that $0.3 million of net unrealized derivative gains included in AOCI will be reclassified into earnings within the next twelve months.

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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 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 not classified as cash flows from investing activities on the 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 mix of fixed and floating interest rates on our outstanding indebtedness.

At December 31, 2017 and 2016, 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. For the year ended December 31, 2017, net cash received for these swaps was $14.6 million. In July 2017, we prepaid the Brazilian tranche of our Term Loan A facility due in July 2019 in the amount of $96.3 million in connection with the anticipated Diversey transaction. In anticipation of this loan prepayment, we terminated all the swaps used to convert the related U.S. dollar-denominated variable rate obligation into a fixed Brazilian real-denominated obligation. The related activity has been classified as net earnings from discontinued operations, net of tax on the Consolidated Statement of Operations.

Net Investment Hedge

During the second quarter of 2015, we entered into a series of foreign currency exchange forwards totaling €270 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 Consolidated Balance Sheet.

The €400 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 change in the fair value of the debt was $27.8 million ($17.2 million after tax) as of December 31, 2017, and is reflected in long-term debt on our Consolidated Balance Sheet.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. As a result of the sale of Diversey, we terminated these cross-currency swaps in September 2017 and settled these swaps in October 2017. The fair value of the swaps on the date of termination was a liability of $61.8 million which was partially offset by semi-annual interest settlements of $17.7 million. This resulted in a net impact of $(44.1) million recorded in AOCI.

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 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.

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Fair Value of Derivative Instruments

See Note 13, “Fair Value Measurements and Other Financial Instruments,” of the Notes to Consolidated Financial Statements 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 Consolidated Balance Sheets.

	Cash Flow Hedge		Net Investment Hedge		Non-Designated as Hedging Instruments		Total	
	December 31,		December 31,		December 31,		December 31,	
(In millions)	2017	2016	2017	2016	2017	2016	2017	2016
Derivative Assets								
Foreign currency forward contracts	$0.5	$4.9	$ —	$ —	$3.6	$11.4	$4.1	$16.3
Interest rate and currency swaps	—	23.9	—	—	—	—	—	23.9
Total Derivative Assets	$0.5	$28.8	$ —	$ —	$3.6	$11.4	$4.1	$40.2
Derivative Liabilities								
Foreign currency forward contracts	$(2.4)	$(0.1)	$ —	$ —	$(3.3)	$(11.5)	$(5.7)	$(11.6)
Cross-currency swaps	—	—	—	(5.3)	—	—	—	(5.3)
Total Derivative Liabilities[1]	$(2.4)	$(0.1)	$ —	$ (5.3)	$(3.3)	$(11.5)	$(5.7)	$(16.9)
Net Derivatives [2]	$(1.9)	$28.7	$ —	$ (5.3)	$0.3	$(0.1)	$(1.6)	$23.3

(1) Excludes €400.0 million of euro-denominated debt ($474.3 million equivalent at December 31, 2017 and $416.7 million equivalent at December 31, 2016), designated as a net investment hedge.

(2) The following table reconciles gross positions without the impact of master netting agreements to the balance sheet classification:

	Other Current Assets		Other Current Liabilities		Other Non-current Assets		Other Non-current Liabilities	
	December 31,		December 31,		December 31,		December 31,	
(In millions)	2017	2016	2017	2016	2017	2016	2017	2016
Gross position	$4.1	$22.6	$(5.7)	$(11.6)	$ —	$ 17.6	$ —	$ (5.3)
Reclassified to held for sale	—	(7.3)	—	2.3	—	(17.6)	—	—
Impact of master netting agreements	(0.4)	(0.2)	0.4	0.2	—	—	—	—
Net amounts recognized on the Consolidated Balance Sheet	$3.7	$15.1	$(5.3)	$(9.1)	$ —	$ —	$ —	$ (5.3)

The following table details the effect of our derivative instruments on our Consolidated Statements of Operations.

	Amount of Gain (Loss) Recognized in Earnings on Derivatives Year Ended December 31,		
(In millions)	2017	2016	2015
Derivatives designated as hedging instruments:			
Cash Flow Hedges:			
Foreign currency forward contracts[1][4]	$0.9	$0.6	$9.6
Interest rate and currency swaps[2][4]	(3.4)	(25.9)	25.7
Treasury locks[3]	0.1	0.1	0.1
Sub-total cash flow hedges	(2.4)	(25.2)	35.4
Fair Value Hedges:			
Interest rate swaps	0.5	0.5	0.4
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts[4]	(8.4)	(27.6)	32.0
Total	$(10.3)	$(52.3)	$67.8

(1) Amounts recognized on the foreign currency forward contracts were included in cost of sales during the years ended December 31, 2017 and 2016 and other income (expense), net during the year ended December 31, 2015.

(2) As of December 31, 2017, amounts recognized on the interest rate and currency swaps included a $1.0 million loss on the remeasurement of the hedged debt, which is included in other (expense) income, net and interest expense of $2.5 million related to the hedge of the interest payments. As of December 31, 2016, amounts recognized on the interest rate and currency swaps included a $20.8 million loss which offset a loss on remeasurement of the hedged debt, which is included in other (expense) income, net and interest expense of $5.1 million related to the hedge of interest payments. As of December 31, 2015, amounts recognized on the interest rate and currency swaps included a $31.6 million gain which offset a loss on remeasurement of the hedged debt, which is included in other (expense) income, net and interest expense of $5.9 million related to the hedge of interest payments.

(3) Amounts recognized on the treasury locks were included in interest expense which is related to amortization of terminated interest rate swaps.

(4) Amounts related to Diversey have been reclassified to earnings from discontinued operations, net of tax on the Consolidated Statement of Operations. For the years ended December 31, 2017, 2016 and 2015 there was $0.8 million, $(32.2) million and $22.4 million reclassified, respectively.

Note 13 Fair Value Measurements and Other Financial Instruments

Fair Value Measurements

The fair value of our financial instruments, using the fair value hierarchy under U.S. GAAP detailed in “Fair Value Measurements,” of Note 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards,” of the Notes to the Consolidated Financial Statements are included in the table below.

	December 31, 2017			
(In millions)	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$297.5	$297.5	$—	$—
Derivative financial and hedging instruments net asset (liability):				
Foreign currency forward and option contracts	$(1.6)	$—	$(1.6)	$—

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	December 31, 2016			
(In millions)	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$71.3	$71.3	$—	$—
Compensating balance deposits	$52.9	$52.9	$—	$—
Derivative financial and hedging instruments net asset (liability):				
Foreign currency forward contracts	$4.7	$—	$4.7	$—
Interest rate and currency swaps	$23.9	$—	$23.9	$—
Cross-currency swaps	$(5.3)	$—	$(5.3)	$—

Cash Equivalents

Our cash equivalents consist of commercial paper (fair value determined using Level 2 inputs) and bank time deposits (Level 1). Since these are short-term highly liquid investments with original maturities of 3 months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates. The amount of cash equivalents increased during 2017, primarily as a result of the cash proceeds received from the sale of Diversey.

Compensating Balance Deposits

In 2016, we had compensating balance deposits related to certain short-term borrowings. These represent bank certificates of deposits that will mature within the next 3 months.

Derivative Financial Instruments

Our foreign currency forward contracts, foreign currency options, euro-denominated debt, interest rate and currency swaps and cross-currency swaps are recorded at fair value on our Consolidated Balance Sheets using a discounted cash flow analysis that incorporates observable market inputs. These market inputs include foreign currency spot and forward rates, and various interest rate curves, and are obtained from pricing data quoted by various banks, third party sources and foreign currency dealers involving identical or comparable instruments (Level 2).

Counterparties to these foreign currency forward contracts have at least an investment grade rating. Credit ratings on some of our counterparties may change during the term of our financial instruments. We closely monitor our counterparties' credit ratings and, if necessary, will make any appropriate changes to our financial instruments. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

Other Financial Instruments

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) trade receivables, net, (2) certain other current assets, (3) accounts payable and (4) other current liabilities. The carrying amounts reported on our Consolidated Balance Sheets for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

Other liabilities that are recorded at carrying value on our Consolidated Balance Sheets include our senior notes. We utilize a market approach to calculate the fair value of our senior notes. Due to their limited investor base and the face value of some of our senior notes, they may not be actively traded on the date we calculate their fair value. Therefore, we may utilize prices and other relevant information generated by market transactions involving similar securities, reflecting U.S. Treasury yields to calculate the yield to maturity and the price on some of our senior notes. These inputs are provided by an independent third party and are considered to be Level 2 inputs.

We derive our fair value estimates of our various other debt instruments by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date. We also incorporated our credit default swap rates and currency specific swap rates in the valuation of each debt instrument, as applicable.

These estimates are subjective and involve uncertainties and matters of significant judgment, and therefore we cannot determine them with precision. Changes in assumptions could significantly affect our estimates.

The table below shows the carrying amounts and estimated fair values of our total debt:

(In millions)	December 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term Loan A Facility due July 2017	$—	$—	$249.9	$249.9
Term Loan A Facility due July 2019[1]	222.7	222.7	1,067.8	1,067.8
6.50% Senior Notes due December 2020	423.6	465.1	423.1	477.3
4.875% Senior Notes due December 2022	420.4	451.0	419.6	437.6
5.25% Senior Notes due April 2023	420.4	455.6	419.7	441.1
4.50% Senior Notes due September 2023[1]	474.3	544.4	416.7	453.4
5.125% Senior Notes due December 2024	420.7	456.2	420.2	437.3
5.50% Senior Notes due September 2025	396.7	439.9	396.4	418.8
6.875% Senior Notes due July 2033	445.4	527.3	445.3	462.7
Other foreign loans[1]	30.2	30.4	78.9	79.2
Other domestic loans	3.6	3.6	21.4	21.3
Total debt	$3,258.0	$3,596.2	$4,359.0	$4,546.4
Less amounts included as liabilities held for sale	—	—	216.4	216.4
Total debt from continuing operations	$3,258.0	$3,596.2	$4,142.6	$4,330.0

[1] Includes borrowings denominated in currencies other than U.S. dollars.

In addition to the table above, the Company remeasures amounts related to contingent consideration liabilities related to acquisitions and certain equity compensation, that were carried at fair value on a recurring basis in the Consolidated Financial Statements or for which a fair value measurement was required. Refer to Note 3 “Discontinued Operations, Divestitures and Acquisitions” of the Notes to Consolidated Financial Statements for information regarding contingent consideration and Note 18 “Stockholders’ Equity” of the Notes to Consolidated Financial Statements for share based compensation in the Notes to Consolidated Financial Statements. Included among our non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis are inventories, net property and equipment, goodwill, intangible assets and asset retirement obligations.

Credit and Market Risk

Financial instruments, including derivatives, expose us to counterparty credit risk for nonperformance and to market risk related to changes in interest or currency exchange rates. We manage our exposure to counterparty credit risk through specific minimum credit standards, establishing credit limits, diversification of counterparties, and procedures to monitor concentrations of credit risk.

We do not expect any of our counterparties in derivative transactions to fail to perform as it is our policy to have counterparties to these contracts that have at least an investment grade rating. Nevertheless, there is a risk that our exposure to losses arising out of derivative contracts could be material if the counterparties to these agreements fail to perform their obligations. We will replace counterparties if a credit downgrade is deemed to increase our risk to unacceptable levels.

We regularly monitor the impact of market risk on the fair value and cash flows of our derivative and other financial instruments considering reasonably possible changes in interest and currency exchange rates and restrict the use of derivative financial instruments to hedging activities. We do not use derivative financial instruments for trading or other speculative purposes and do not use leveraged derivative financial instruments.

We continually monitor the creditworthiness of our diverse base of customers to which we grant credit terms in the normal course of business and generally do not require collateral. We consider the concentrations of credit risk associated with our trade accounts receivable to be commercially reasonable and believe that such concentrations do not leave us vulnerable to significant risks of near-term severe adverse impacts. The terms and conditions of our credit

sales are designed to mitigate concentrations of credit risk with any single customer. Our sales are not materially dependent on a single customer or a small group of customers.

Note 14 Profit Sharing, Retirement Savings Plans and Defined Benefit Pension Plans

Profit Sharing and Retirement Savings Plans

We have a qualified non-contributory profit sharing plan covering most of our U.S. employees. Contributions to this plan, which are made at the discretion of our Board of Directors, may be made in cash, shares of our common stock, or in a combination of cash and shares of our common stock. We also maintain qualified contributory retirement savings plans in which most of our U.S. employees are eligible to participate. The qualified contributory retirement savings plans generally provide for our contributions in cash based upon the amount contributed to the plans by the participants.

Our contributions to our provisions for the profit sharing plan and retirement savings plans are charged to operations and amounted to $39.9 million in 2017, $42.9 million in 2016 and $55.3 million in 2015. In 2017, 502,519 shares were contributed as part of our contribution to the profit sharing plan related to 2016; in 2016, 830,600 shares were contributed as part of our contribution to the profit sharing plan related to 2015, and in 2015, 787,500 shares were contributed as part of our contribution to the profit sharing plan related to 2014. These shares were issued out of treasury stock.

We have various international defined contribution benefit plans which cover certain employees. We have expanded use of these plans in select countries where they have been used to supplement or replace defined benefit plans.

Defined Benefit Pension Plans

We recognize the funded status of each defined pension benefit plan as the difference between the fair value of plan assets and the projected benefit obligation of the employee benefit plans in the Consolidated Balance Sheet, with a corresponding adjustment to accumulated other comprehensive loss, net of taxes. Each overfunded plan is recognized as an asset and each underfunded plan is recognized as a liability on our Consolidated Balance Sheet. Subsequent changes in the funded status are reflected on the Consolidated Balance Sheet in unrecognized pension items, a component of accumulated other comprehensive loss, which are included in total stockholders' equity. The amount of unamortized pension items is recorded net of tax. The measurement date used to determine the projected benefit obligation and the fair value of plan assets is December 31.

We have amortized actuarial gains or losses over the average future working lifetime (or remaining lifetime of inactive participants if there are no active participants). We have used the corridor method, where the corridor is the greater of ten percent of the projected benefit obligation or fair value of assets at year end. If actuarial gains or losses do not exceed the corridor, then there is no amortization of gain or loss.

During the year ended December 31, 2017, several of our pension plans transferred in the sale of Diversey. Two international plans were split between Diversey and Sealed Air at the close of the sale. Unless noted, the tables in this disclosure show only activity related to plans retained by Sealed Air as of December 31, 2017. The impact of the divestiture on the plans that were split is shown in the lines labeled "Business divestiture", as applicable below.

The following table shows the components of our net periodic benefit cost for the three years ended December 31, for our pension plans charged to operations:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net periodic benefit cost:			
U.S. and international net periodic benefit cost (income) included in cost of sales	$0.2	$1.7	$1.7
U.S. and international net periodic benefit cost included in selling, general and administrative expenses	0.8	10.2	9.2
Total benefit cost	$1.0	$11.9	$10.9

The amount recorded in inventory for the years ended December 31, 2017, 2016 and 2015 was not material.

A number of our U.S. employees, including some employees who are covered by collective bargaining agreements, participate in defined benefit pension plans. Some of our international employees participate in defined benefit pension plans in their respective countries. The following table presents our funded status for 2017 and 2016 for our U.S. and international pension plans. The measurement date used to determine benefit obligations and plan assets is

December 31 for all material plans.

	December 31, 2017			December 31, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Change in benefit obligation:						
Projected benefit obligation at beginning of period	$213.1	$ 765.8	$978.9	$215.0	$ 748.0	$963.0
Service cost	0.1	6.9	7.0	0.6	10.0	10.6
Interest cost	6.8	16.1	22.9	7.8	18.3	26.1
Actuarial loss (gain)	11.3	16.5	27.8	8.9	72.6	81.5
Settlement/curtailment	(13.8)	(21.2)	(35.0)	(11.4)	(0.6)	(12.0)
Benefits paid	(12.9)	(22.6)	(35.5)	(12.7)	(27.2)	(39.9)
Employee contributions	—	2.2	2.2	—	2.8	2.8
Business divestiture	—	(120.2)	(120.2)	—	—	—
Other	0.1	1.1	1.2	4.9	(1.7)	3.2
Foreign exchange impact	—	57.6	57.6	—	(56.4)	(56.4)
Projected benefit obligation at end of period	$204.7	$ 702.2	$906.9	$213.1	$ 765.8	$978.9
Change in plan assets:						
Fair value of plan assets at beginning of period	$150.3	$ 621.5	$771.8	$156.7	$ 603.6	$760.3
Actual return on plan assets	19.3	50.8	70.1	9.1	80.5	89.6
Employer contributions	6.3	21.8	28.1	0.2	17.7	17.9
Employee contributions	—	2.2	2.2	—	2.8	2.8
Benefits paid	(12.9)	(22.6)	(35.5)	(12.7)	(27.2)	(39.9)
Settlement/curtailment	(14.3)	(16.1)	(30.4)	(5.1)	(0.5)	(5.6)
Business divestiture	—	(74.2)	(74.2)	—	—	—
Other	—	(0.5)	(0.5)	2.1	—	2.1
Foreign exchange impact	—	44.6	44.6	—	(55.4)	(55.4)
Fair value of plan assets at end of period	$148.7	$ 627.5	$776.2	$150.3	$ 621.5	$771.8
Underfunded status at end of year	$(56.0)	$ (74.7)	$(130.7)	$(62.8)	$ (144.3)	$(207.1)
Accumulated benefit obligation at end of year	$204.8	$ 688.9	$893.7	$213.1	$ 720.6	$933.7

Amounts included in the Consolidated Balance Sheet, excluding amounts held for sale and including plans which were deemed immaterial and not included above, consisted of:

	December 31, 2017			December 31, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Other assets	$—	$ 39.1	$39.1	$—	$ 17.8	$17.8
Other current liabilities	—	(2.4)	(2.4)	—	(2.5)	(2.5)
Other liabilities	(56.1)	(113.3)	(169.4)	(61.1)	(120.9)	(182.0)
Net amount recognized	$(56.1)	$ (76.6)	$(132.7)	$(61.1)	$ (105.6)	$(166.7)

The following table shows the components of our net periodic benefit cost (income) for the years ended December 31, for our pension plans charged to operations:

	December 31, 2017			December 31, 2016			December 31, 2015		
(In millions)	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Components of net periodic benefit cost (income):									
Service cost	$0.1	$ 6.9	$7.0	$0.6	$ 10.0	$10.6	$0.7	$ 10.7	$11.4
Interest cost	6.8	16.1	22.9	7.8	18.3	26.1	8.6	21.8	30.4
Expected return on plan assets	(9.8)	(30.6)	(40.4)	(10.0)	(24.3)	(34.3)	(11.4)	(28.3)	(39.7)
Other adjustments	—	—	—	1.3	—	1.3	—	—	—
Amortization of net prior service cost	—	(0.1)	(0.1)	—	—	—	—	—	—
Amortization of net actuarial loss	0.8	5.7	6.5	2.2	5.3	7.5	1.8	6.0	7.8
Net periodic benefit (income) cost	$(2.1)	$ (2.0)	$(4.1)	$1.9	$ 9.3	$11.2	$(0.3)	$ 10.2	$9.9
Cost (income) of settlement/curtailment	2.1	3.0	5.1	0.6	0.1	0.7	1.6	(0.6)	1.0
Total benefit cost	$—	$ 1.0	$1.0	$2.5	$ 9.4	$11.9	$1.3	$ 9.6	$10.9

The amounts in accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2017 and 2016 are:

	December 31, 2017			December 31, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Unrecognized prior service costs	$0.1	$ 0.6	$0.7	$—	$ (1.2)	$(1.2)
Unrecognized net actuarial loss	41.4	104.7	146.1	42.0	163.0	205.0
Total	$41.5	$ 105.3	$146.8	$42.0	$ 161.8	$203.8

Changes in plan assets and benefit obligations recognized in accumulated other comprehensive loss at December 31, 2017 and 2016 were as follows:

	December 31, 2017			December 31, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Current year actuarial loss (gain)	$2.3	$ (8.7)	$(6.4)	$3.6	$ 16.2	$19.8
Amortization of actuarial loss	(0.8)	(5.7)	(6.5)	(2.3)	(5.3)	(7.6)
Business divestiture	—	(42.6)	(42.6)	—	—	—
Other adjustments	—	1.3	1.3	0.3	(0.1)	0.2
Settlement/curtailment gain	(2.1)	(2.3)	(4.4)	(0.6)	(0.1)	(0.7)
Total	$(0.6)	$ (58.0)	$(58.6)	$1.0	$ 10.7	$11.7

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost during the year ending December 31, 2018 are as follows:

	Year Ended 2018		
(In millions)	U.S.	International	Total
Unrecognized prior service costs	$—	$ —	$—
Unrecognized net actuarial loss	1.0	2.5	3.5
Total	$1.0	$ 2.5	$3.5

Information for plans with accumulated benefit obligations in excess of plan assets as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			December 31, 2016		
(In millions)	U.S.	International	Total	U.S.	International	Total
Accumulated benefit obligation	$204.8	$ 338.7	$543.5	$213.1	$ 412.0	$625.1
Fair value of plan assets	148.7	236.2	384.9	150.3	283.3	433.6

Actuarial Assumptions

Weighted average assumptions used to determine benefit obligations at December 31, 2017 and 2016 were as follows:

	December 31, 2017		December 31, 2016	
(In millions)	U.S.	International	U.S.	International
Benefit obligations				
Discount rate	3.6 %	2.5 %	4.0 %	2.4 %
Rate of compensation increase	N/A	2.3 %	N/A	2.4 %

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, were as follows:

	December 31, 2017		December 31, 2016		December 31, 2015	
(In millions)	U.S.	International	U.S.	International	U.S.	International
Net periodic benefit cost						
Discount rate	4.0 %	2.4 %	4.3 %	2.8 %	3.9 %	3.0 %
Expected long-term rate of return	6.7 %	5.0 %	6.7 %	4.3 %	6.5 %	4.7 %
Rate of compensation increase	N/A	2.4 %	3.0 %	2.5 %	3.0 %	2.4 %

Estimated Future Benefit Payments

We expect the following estimated future benefit payments, which reflect expected future service as appropriate, to be paid in the years indicated:

	Amount		
(In millions)	U.S.	International	Total
Year			
2018	$13.4	$ 29.8	$43.2
2019	12.5	25.9	38.4
2020	12.0	26.8	38.8
2021	12.5	29.7	42.2
2022	13.5	30.7	44.2
Thereafter	62.3	158.2	220.5
Total	$126.2	$ 301.1	$427.3

Plan Assets

We review the expected long-term rate of return on plan assets annually, taking into consideration our asset allocation, historical returns, and the current economic environment. The expected return on plan assets is calculated based on the fair value of plan assets at year end. To determine the expected return on plan assets, expected cash flows have been taken into account.

Our long-term objectives for plan investments are to ensure that (a) there is an adequate level of assets to support benefit obligations to participants over the life of the plans, (b) there is sufficient liquidity in plan assets to cover current benefit obligations, and (c) there is a high level of investment return consistent with a prudent level of investment risk. The investment strategy is focused on a long-term total return in excess of a pure fixed income strategy with short-term volatility less than that

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of a pure equity strategy. To accomplish this objective, we invest assets primarily in a diversified mix of equity and fixed income investments. For U.S. plans, the target asset allocation will typically be 40-50% in equity securities, with a maximum equity allocation of 65%, and 50-60% in fixed income securities, with a minimum fixed income allocation of 35% including cash.

The fair values of our U.S. and international pension plan assets, by asset category and by the level of fair values are as follows:

(In millions)	December 31, 2017				December 31, 2016			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents[1]	$7.5	$5.6	$1.9	$—	$5.8	$4.3	$1.5	$—
Fixed income funds[2]	385.9	—	385.9	—	371.9	—	371.9	—
Equity funds[3]	257.6	—	257.6	—	258.8	—	258.8	—
Other[4]	125.2	—	35.7	89.5	135.3	—	34.6	100.7
Total	$776.2	$5.6	$681.1	$89.5	$771.8	$4.3	$666.8	$100.7

(1) Short-term investment fund that invests in a collective trust that holds short-term highly liquid investments with principal preservation and daily liquidity as its primary objectives. Investments are primarily comprised of certificates of deposit, government securities, commercial paper, and time deposits.

(2) Fixed income funds that invest in a diversified portfolio primarily consisting of publicly traded government bonds and corporate bonds. There are no restrictions on these investments, and they are valued at the net asset value of shares held at year end.

(3) Equity funds that invest in a diversified portfolio of publicly traded domestic and international common stock, with an emphasis in European equities. There are no restrictions on these investments, and they are valued at the net asset value of shares held at year end.

(4) The majority of these assets are invested in real estate funds and other alternative investments. Also includes guaranteed insurance contracts, which consists of Company and employee contributions and accumulated interest income at guaranteed stated interest rates and provides for benefit payments and plan expenses.

The following table shows the activity of our U.S. and international plan assets, which are measured at fair value using Level 3 inputs.

	December 31,	
(In millions)	2017	2016
Balance at beginning of period	$100.7	$79.5
Gains on assets still held at end of year	2.3	4.8
Purchases, sales, issuance, and settlements	1.3	2.7
Transfers in and/or out of Level 3	(21.2)	22.9
Foreign exchange gain (loss)	6.4	(9.2)
Balance at end of period	$89.5	$100.7

Note 15 Other Post-Employment Benefits and Other Employee Benefit Plans

In addition to providing pension benefits, we provide for a portion of healthcare, dental, vision and life insurance benefits for certain retired legacy Diversey employees, primarily in North America. Covered employees retiring on or after attaining age 55 and who have rendered at least 10 years of service are entitled to post-retirement healthcare, dental and life insurance benefits. These benefits are subject to deductibles, co-payment provisions and other limitations.

Contributions made by us, net of Medicare Part D subsidies received in the U.S., are reported below as benefits paid. We may change the benefits at any time. The status of these plans, including a reconciliation of benefit obligations, a reconciliation of plan assets and the funded status of the plans, follows:

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(In millions)	December 31, 2017	2016
Change in benefit obligations:		
Benefit obligation at beginning of period	$54.0	$64.4
Service cost	0.1	0.2
Interest cost	1.6	1.9
Actuarial loss (gain)	1.0	(6.3)
Benefits paid, net	(4.3)	(4.3)
Settlement/curtailment	(1.2)	—
Loss due to exchange rate movements	0.1	—
Plan amendments	—	(1.9)
Benefit obligation at end of period	$51.3	$54.0
Change in plan assets:		
Fair value of plan assets at beginning of period	$—	$—
Employer contribution	4.3	4.3
Benefits paid, net	(4.3)	(4.3)
Fair value of plan assets at end of period	$—	$—
Net amount recognized:		
Underfunded status	$(51.3)	$(54.0)
Accumulated benefit obligation at end of year	$51.3	$54.0
Net amount recognized in consolidated balance sheets consists of:		
Current liability	$(5.2)	$(3.0)
Non-current liability	(46.1)	(51.0)
Net amount recognized	$(51.3)	$(54.0)
Amounts recognized in accumulated other comprehensive income consist of:		
Net actuarial loss	$2.0	$2.0
Prior service credit	(3.1)	(17.9)
Total	$(1.1)	$(15.9)

The accumulated post-retirement benefit obligations were determined using a weighted-average discount rate of 3.4% at December 31, 2017 and 3.9% at December 31, 2016. The components of net periodic benefit cost for the years ended December 31 were as follows:

(In millions)	2017	2016	2015
Components of net periodic benefit cost:			
Service cost	$0.1	$0.2	$0.8
Interest cost	1.6	1.9	2.9
Amortization of net loss	(0.2)	—	0.4
Amortization of prior service credit	(1.2)	(1.6)	(0.8)
Net periodic benefit cost	$0.3	$0.5	$3.3
Income of settlement/curtailment	(13.5)	—	(1.2)
Total benefit (income) cost for fiscal year	$(13.2)	$0.5	$2.1

The amounts in accumulated other comprehensive loss at December 31, 2017 that are expected to be recognized as components of net periodic benefit cost during the next fiscal year are as follows:

(In millions)	December 31, 2017
Unrecognized prior service costs	$ (0.3)
Unrecognized net actuarial loss	(0.2)
Total	$ (0.5)

Healthcare Cost Trend Rates

For the year ended December 31, 2017, healthcare cost trend rates were assumed to be 6.8% for the U.S. plan in 2017 and decreasing to 5.0% by 2022, and 5.0% for the Canada plan in 2017, and unchanged in future years. The assumed healthcare cost trend rate has an effect on the amounts reported for the healthcare plans. A one percentage point change on assumed healthcare cost trend rates would have the following effect for the year ended December 31, 2017:

(In millions)	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ —	$ —
Effect on post-retirement benefit obligation	0.4	(0.4)

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.

Expected post-retirement benefits (net of Medicare Part D subsidies) for each of the next five years and succeeding five years are as follows:

(In millions)

Year	Amount
2018	$ 5.3
2019	5.3
2020	5.1
2021	4.9
2022	4.4
Thereafter	16.5
Total	$ 41.5

Note 16 Income Taxes

For the three years ended December 31, 2017 we recorded net tax provisions of $330.5 million, $95.6 million and $132.6 million, respectively.

On December 22, 2017, U.S. federal legislation, commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"), was signed into law, significantly reforming tax law by changing how the U.S. imposes income tax on multinational corporations. The TCJA, among other things, reduces the U.S. corporate income tax rate from 35% to 21%, creates a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries, and creates new taxes on certain foreign earnings. On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) allowing for a 12 month window to finalize the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the TCJA. We have not completed our determination of the accounting implications of the 2017 TCJA on our tax accruals. However, as a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the TCJA, and consideration of executive compensation items, the Company revalued its ending net deferred tax assets at December 31, 2017 and recognized a provisional $41.1 million tax expense in the Company’s consolidated statement of income for the year ended December 31, 2017. The one-time mandatory tax is based on our total post-1986 earnings and profits (E&P) deferred from U.S. income taxes, cash and cash equivalents and foreign tax pools. In addition, the sale of Diversey on

September 6, 2017, created significant adjustments in tax attributes mentioned above in measuring the transition tax. We are in the process of quantifying these attributes and therefore are not able to make a provisional estimate at this time.

The ultimate impact of the TCJA may differ from the provisional amount due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the TCJA. The accounting is expected to be complete when the 2017 U.S. corporate income tax return is filed in 2018.

The components of earnings before income tax provision were as follows:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Domestic	$192.1	$175.9	$115.8
Foreign	201.2	212.0	175.6
Total	$393.3	$387.9	$291.4

The components of our income tax provision (benefit) were as follows:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Current tax expense:			
Federal	$79.6	$57.6	$44.7
State and local	14.3	1.2	8.4
Foreign	106.0	67.3	49.0
Total current expense	$199.9	$126.1	$102.1
Deferred tax expense (benefit):			
Federal	$130.1	$(15.8)	$10.7
State and local	5.3	3.6	10.9
Foreign	(4.8)	(18.3)	8.9
Total deferred tax expense (benefit)	130.6	(30.5)	30.5
Total income tax provision	$330.5	$95.6	$132.6

Deferred tax assets (liabilities) consist of the following:

	December 31,	
(In millions)	2017	2016
Restructuring reserves	$2.7	$6.6
Accruals not yet deductible for tax purposes	10.7	8.4
Net operating loss carryforwards	199.4	188.4
Foreign, federal and state credits	69.2	51.5
Employee benefit items	69.6	132.1
Capitalized expenses	10.8	45.7
Derivatives and other	23.7	—
Sub-total deferred tax assets	386.1	432.7
Valuation allowance	(189.2)	(167.7)
Total deferred tax assets	$196.9	$265.0
Depreciation and amortization	$(13.9)	$(24.7)
Unremitted foreign earnings	(9.0)	(22.2)
Intangibles	(26.3)	(23.6)
Other	—	(2.2)
Total deferred tax liabilities	(49.2)	(72.7)
Net deferred tax assets	$147.7	$192.3

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The decrease in net deferred tax assets is primarily attributable to the revaluation associated with U.S. Tax Reform and the deduction of research and development expenses formerly capitalized, offset by a decrease in the liability for unremitted earnings based on a change in our repatriation strategy.

In assessing the need for a valuation allowance, we estimate future reversals of existing temporary differences, future taxable earnings, taxable income in carryback periods and tax planning strategies 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.

A valuation allowance has been provided based on the uncertainty of utilizing the tax benefits primarily related to the following deferred tax assets:

- $151.2 million of foreign items, primarily net operating losses;
- $21.9 million of state net operating loss carryforwards; and
- $12.1 million of state tax credits.

For the year ended December 31, 2017, the valuation allowance increased by $21.5 million. This is primarily driven by currency translation adjustments.

As of December 31, 2017, we have foreign net operating loss carryforwards of $650.3 million expiring in years beginning in 2018 with the majority of losses having an unlimited carryover. The state net operating loss carryforwards totaling $738.6 million expire in various amounts over one to 20 years.

As of December 31, 2017, we have foreign and federal foreign tax credit carryforwards totaling $98.8 million that expire in calendar year 2018 through 2025 including $2.6 million of foreign tax credits that will expire in 2018 if not utilized. We have $15.4 million of state credit carryovers expiring in 2018 – 2029. We have provided a full valuation allowance on the state credits.

The Company has not recorded a deferred tax liability related to the federal and state income taxes and foreign withholding taxes on approximately $3.5 billion of undistributed earnings of certain foreign subsidiaries indefinitely reinvested. Upon repatriation of those earnings the Company could be subject to both U.S. income taxes and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable due to the complexities associated with its hypothetical calculation; however, unrecognized foreign tax credits would be available to reduce a portion of the U.S. tax liability.

A reconciliation of the provision for income taxes, with the amount computed by applying the statutory federal income tax rate (35%) to income before provision for income taxes, is as follows (dollars in millions):

	Year Ended December 31,					
	2017		2016		2015	
Computed expected tax	$137.7	35.0 %	$135.9	35.0 %	$102.0	35.0 %
State income taxes, net of federal tax benefit	7.6	1.9 %	4.8	1.2 %	12.5	4.3 %
Foreign earnings taxed at lower rates	(22.3)	(5.7)%	(22.4)	(5.8)%	(22.6)	(7.8)%
U.S. tax on foreign earnings	72.3	18.4 %	10.7	2.8 %	(0.5)	(0.2)%
Foreign tax credits	(12.1)	(3.1)%	(30.3)	(7.8)%	(5.3)	(1.8)%
Unremitted foreign earnings	—	— %	(9.4)	(2.4)%	(86.0)	(29.5)%
Reorganization and divestitures	75.9	19.3 %	—	— %	67.9	23.3 %
Net change in valuation allowance	(2.0)	(0.5)%	(47.8)	(12.3)%	47.8	16.4 %
Net change in unrecognized tax benefits	33.4	8.5 %	16.0	4.1 %	75.3	25.8 %
U.S. Tax Reform	41.1	10.4 %	—	— %	—	— %
Deferred tax adjustments	14.1	3.6 %	47.1	12.1 %	(75.6)	(25.9)%
Other	(15.2)	(3.8)%	(9.0)	(2.3)%	17.1	5.9 %
Income tax expense and rate	$330.5	84.0 %	$95.6	24.6 %	$132.6	45.5 %

The primary adjustments to the statutory rate in 2017 were the following items:

- increase in tax on items related to the sale of Diversey recognized in continuing operations;
- increase related to U.S. tax on foreign income offset by benefit of foreign tax credits;
- increase in tax expense due to the provisional impacts of the U.S. Tax Reform including revaluation of U.S. deferred tax assets; and
- increase in tax expense for unrecognized tax benefits in foreign jurisdictions.

Unrecognized Tax Benefits

We are providing the following disclosures related to our unrecognized tax benefits and the effect on our effective income tax rate if recognized (in millions):

	Year Ended December 31,		
	2017	2016	2015
Beginning balance of unrecognized tax benefits	$162.6	$131.3	$18.9
Additions for tax positions of current year	7.3	11.1	1.2
Additions for tax positions of prior years	49.3	23.4	111.8
Reductions for tax positions of prior years	(4.3)	(1.4)	(0.6)
Reductions for lapses of statutes of limitation and settlements	(0.6)	(1.8)	—
Ending balance of unrecognized tax benefits	$214.3	$162.6	$131.3

In 2017, our unrecognized tax benefit increased by $51.7 million, related to an increase in unrecognized tax benefits in North America. In 2016, we increased our unrecognized tax benefit by $31.3 million primarily related to an increase for taxation of foreign income.

If the unrecognized tax benefits at December 31, 2017 were recognized, our income tax provision would decrease by $187.7 million, resulting in a substantially lower effective tax rate. Based on the potential outcome of the Company's global tax examinations and the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the unrecognized tax benefits will change within the next 12 months. The associated impact on the reserve balance is estimated to be a decrease in the range of $0 to $53.0 million.

We recognize interest and penalties related to unrecognized tax benefits in income tax provision in the Consolidated Statements of Operations. We had a liability of approximately of $14.8 million (of which $4.5 million represents penalties) at December 31, 2017 for the payment of interest and penalties (before any tax benefit), a liability of $12.0 million (of which $3.7 million represents penalties) at December 31, 2016 and a liability of approximately $4.0 million (of which $0.7 million represents penalties) at December 31, 2015. In 2017, there was a $4.0 million increase in interest and penalties in the tax accruals for uncertainties in prior years. In 2016, there was a $5.6 million increase in interest and penalties in the tax accruals for uncertainties in prior years. In 2015, there was a $0.6 million increase in interest and penalties in the tax accruals for uncertainties in prior years.

Income Tax Returns

The Internal Revenue Service (the "Service") has concluded its examination of the legacy Sealed Air U.S. federal income tax returns for all years through 2008, except 2007 which remains open to the extent of a capital loss carryback. The Service is currently auditing 2011 U.S. federal income tax returns of legacy Sealed Air. We are also under examination by the IRS for the years 2012-2014. The outcome of the negotiations for this exam period may affect the utilization of certain tax attributes and require us to make a significant payment.

State income tax returns are generally subject to examination for a period of 3 to 5 years after their filing date. We have various state income tax returns in the process of examination, and are open to examination for periods after 2002.

Our foreign income tax returns are under examination in various jurisdictions in which we conduct business. Income tax returns in foreign jurisdictions have statutes of limitations generally ranging from 3 to 5 years after their filing date and except where still under examination. Of the unrecognized tax benefit amount of $214.3 million, $204.7 million relates to North

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America, most of which is either being disputed or litigated. We have largely concluded all other income tax matters for years prior to 2008.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

Note 17 Commitments and Contingencies

Cryovac Transaction Commitments and Contingencies

Settlement Agreement and Related Costs

As discussed below, on February 3, 2014 (the "Effective Date"), the PI Settlement Plan (as defined below) implementing the Settlement agreement (as defined below) became effective with W. R. Grace & Co., or Grace, emerging from bankruptcy and the injunctions and releases provided by the PI Settlement Plan becoming effective. The Settlement agreement provided for resolution of current and future asbestos-related claims, fraudulent transfer claims, and successor liability claims made against the Company and our affiliates in connection with the Cryovac transaction described below, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies in connection with the Cryovac transaction. On the Effective Date, the Company's subsidiary, Cryovac, Inc., made the payments contemplated by the Settlement agreement, consisting of 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 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. 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. In connection with the issuance of the Settlement Shares and their transfer to the PI Trust by Cryovac, the Company entered into a Registration Rights Agreement, dated as of February 3, 2014 (the "Registration Rights Agreement"), with the PI Trust as initial holder of the Settlement Shares. In accordance with the Registration Rights Agreement, the Company filed with the SEC a shelf registration statement covering resales of the Settlement Shares on April 4, 2014, and the shelf registration statement became effective on such date. On June 13, 2014, we repurchased $130 million, or 3,932,244 shares, of common stock at a price of $33.06 per share from the PI Trust (See Note 18, 'Stockholders' Equity" of the Notes to Consolidated Financial Statements for further details).

We are currently under examination by the IRS with respect to the deduction of the approximately $1.49 billion for the 2014 taxable year for the payments made pursuant to the Settlement agreement. The IRS has indicated that it intends to disallow this deduction in full. We strongly disagree with the IRS position and are protesting this finding with the IRS. The resolution of the IRS's challenge could take several years and the outcome cannot be predicted. Nevertheless, we believe that we have meritorious defenses for the deduction of the payments made pursuant to the Settlement agreement. If the IRS's disallowance of the deduction were sustained, in whole or in part, we would have to remit all or a portion of the refund of taxes previously received and such disallowance could have a material adverse effect on our consolidated financial condition and results of operations.

For a description of the Cryovac transaction, asbestos-related claims and the parties involved, see “Cryovac Transaction,” “Discussion of Cryovac Transaction Commitments and Contingencies,” “Fresenius Claims,” “Canadian Claims” and “Additional Matters Related to the Cryovac Transaction” below.

Cryovac Transaction

On June 30, 1998, we completed a multi-step transaction that brought the Cryovac packaging business and the former Sealed Air Corporation’s business under the common ownership of the Company. These businesses operated as subsidiaries of the Company, and the Company acted as a holding company. As part of that transaction, the parties separated the Cryovac packaging business, which previously had been held by various direct and indirect subsidiaries of the Company, from the remaining businesses previously held by the Company. The parties then arranged for the contribution of these remaining businesses to a company now known as W. R. Grace & Co., and the Company distributed the Grace shares to the Company’s stockholders. As a result, W. R. Grace & Co. became a separate publicly owned company. The Company recapitalized its outstanding shares of common stock into a new common stock and a new convertible preferred stock. A subsidiary of the Company then merged into the former Sealed Air Corporation, which became a subsidiary of the Company and changed its name to Sealed Air Corporation (US).

Discussion of Cryovac Transaction Commitments and Contingencies

In connection with the Cryovac transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction, whether accruing or occurring before or after the Cryovac transaction, other than liabilities arising from or relating to Cryovac’s operations. Among the liabilities retained by Grace are liabilities relating to asbestos-containing products previously manufactured or sold by Grace’s subsidiaries prior to the Cryovac transaction, including its primary U.S. operating subsidiary, W. R. Grace & Co. — Conn., which has operated for decades and has been a subsidiary of Grace since the Cryovac transaction. The Cryovac transaction agreements provided that, should any claimant seek to hold the Company or any of its subsidiaries responsible for liabilities retained by Grace or its subsidiaries, including the asbestos-related liabilities, Grace and its subsidiaries would indemnify and defend us.

Since the beginning of 2000, we have been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, we were responsible for alleged asbestos liabilities of Grace and its subsidiaries, some of which were also named as co-defendants in some of these actions. Among these lawsuits were several purported class actions and a number of personal injury lawsuits. Some plaintiffs sought damages for personal injury or wrongful death, while others sought medical monitoring, environmental remediation or remedies related to an attic insulation product. Neither the former Sealed Air Corporation nor Cryovac, Inc. ever produced or sold any of the asbestos-containing materials that were the subjects of these cases. While the allegations in these actions directed to us varied, these actions all appeared to allege that the transfer of the Cryovac business as part of the Cryovac transaction was a fraudulent transfer or gave rise to successor liability. In the Joint Proxy Statement furnished to their respective stockholders in connection with the Cryovac transaction, both parties to the transaction stated their belief that none of the transfers contemplated to occur in the Cryovac transaction would be fraudulent transfers and the parties’ belief that the Cryovac transaction complied with other relevant laws. However, if a court applying the relevant legal standards had reached conclusions adverse to us, these determinations could have had a materially adverse effect on our consolidated financial condition and results of operations, and we could have been required to return the property or its value to the transferor or to fund liabilities of Grace or its subsidiaries for the benefit of their creditors, including asbestos claimants. None of these cases reached resolution through judgment, settlement or otherwise. We signed the Settlement agreement, described below, that provided for the resolution of these claims. Moreover, as discussed

below, Grace's Chapter 11bankruptcy proceeding stayed all of these cases and the orders confirming Grace's plan of reorganization enjoined parties from prosecuting Grace-related asbestos claims against the Company. We signed the Settlement agreement, described below, that provided for the resolution of these claims.

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 in the District of Delaware (the "Bankruptcy Court"). In connection with

Grace's Chapter 11 filing and at Grace's request, the court issued an order dated May 3, 2001, which was modified on January 22, 2002, under which the court stayed all the filed or pending asbestos actions against us and, upon filing and service on us, all future asbestos actions (collectively, the "Preliminary Injunction"). Pursuant to the Preliminary Injunction, no further proceedings involving us could occur in the actions that were stayed except upon further order of the Bankruptcy Court. Committees appointed to represent asbestos claimants in Grace's bankruptcy case received the court's permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc., and against Fresenius. This proceeding was brought in the U.S. District Court for the District of Delaware (the "District Court") (Adv. No. 2-2210). The claims against Fresenius were based upon a 1996 transaction between Fresenius and W. R. Grace & Co. — Conn. Fresenius is not affiliated with us. In June 2002, the court permitted the U.S. government to intervene as a plaintiff in the fraudulent transfer proceeding, so that the U.S. government could pursue allegations that environmental remediation expenses were underestimated or omitted in the solvency analysis of Grace conducted at the time of the Cryovac transaction.

On November 27, 2002, we reached an agreement in principle with the Committees prosecuting the claims against the Company and Cryovac, Inc., to resolve all current and future asbestos-related claims arising from the Cryovac transaction (as memorialized by the parties and approved by the Bankruptcy Court, the "Settlement agreement"). The parties subsequently signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle, and the Settlement agreement was approved by order of the Bankruptcy Court dated June 27, 2005. The Settlement agreement called for payment of nine million shares of our common stock and $513 million in cash, plus interest on the cash payment at a 5.5% annual rate starting on December 21, 2002 and ending on the effective date of an appropriate plan of reorganization in the Grace bankruptcy, when we would be required to make the payment. These shares were subject to customary anti-dilution provisions that adjust for the effects of stock splits, stock dividends and other events affecting our common stock, and as a result, the number of shares of our common stock issued under the Settlement agreement increased to eighteen million shares upon the two-for-one stock split in March 2007. The Settlement agreement provided that, upon the effective date of the final plan of reorganization and payment of the shares and cash, all present and future asbestos-related claims against us that arise from alleged asbestos liabilities of Grace and its affiliates (including former affiliates that became our affiliates through the Cryovac transaction) would be channeled to and become the responsibility of one or more trusts established under Section 524(g) of the Bankruptcy Code. The Settlement agreement also provided for resolution of all fraudulent transfer claims against us arising from the Cryovac transaction as well as the Fresenius claims described below. The Settlement agreement provided for releases of all those claims upon payment. Under the Settlement agreement, we cannot seek indemnity from Grace for our payments required by the Settlement agreement. The order approving the Settlement agreement also provided that the Preliminary Injunction stay of proceedings involving us described above continued through the effective date of the final plan of reorganization, after which, upon implementation of the Settlement agreement, we have been released from the Grace asbestos liabilities asserted in those proceedings and their continued prosecution against us are enjoined. As more fully discussed below, the Settlement agreement became effective upon Grace's emergence from bankruptcy pursuant to the PI Settlement Plan. Following the Effective Date, the Bankruptcy Court issued an order dismissing the proceedings pursuant to which the Preliminary Injunction was issued.

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 that incorporated a settlement of all present and future asbestos-related personal injury claims against Grace (as filed and amended from time to time, the "PI Settlement Plan"). Amended versions of the PI Settlement Plan and related exhibits and documents were filed with the Bankruptcy Court from time to time. The PI Settlement 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 PI Settlement Plan also incorporates the Settlement agreement, including our payment of the amounts contemplated by the Settlement agreement. The Bankruptcy Court entered a memorandum opinion overruling certain objections to the PI Settlement Plan on January 31, 2011, and entered orders on January 31, 2011 and February 15, 2011 (collectively with the opinion, the "Bankruptcy Court Confirmation Orders") confirming the PI Settlement Plan and requesting that

the District Court issue and affirm the Bankruptcy Court Confirmation Order, including the injunction under Section 524(g) of the Bankruptcy Code. Various parties appealed or otherwise challenged the Bankruptcy Court Confirmation Orders. On January 30, 2012 and June 11, 2012 , the District Court issued memorandum opinions and orders (collectively with the Bankruptcy Court Confirmation Orders, the "Confirmation Orders") overruling all objections to the PI Settlement Plan and confirming the PI Settlement Plan in its entirety, including the approval and issuance of the injunctions under Section 524(g) of the Bankruptcy Code and the other injunctions, releases, and indemnifications set forth in the PI Settlement Plan and the Bankruptcy Court Confirmation Order. Five appeals to the Confirmation Orders were filed with the United States Court of Appeals for the Third Circuit (the "Third Circuit Court of Appeals"). The Third Circuit Court of Appeals dismissed or denied the appeals in separate opinions, with the final dismissal occurring on the Effective Date. On January 29, 2014, by agreement of the parties, the Bankruptcy Court dismissed with prejudice the fraudulent transfer action brought against the Company by the Committees appointed to represent asbestos claimants in Grace's bankruptcy. Also on the Effective Date, the remaining conditions to the effectiveness of the PI Settlement Plan and the Settlement agreement were

satisfied or waived by the relevant parties (including the Company), and the PI Settlement Plan implementing the Settlement agreement became effective and Grace emerged from bankruptcy on the Effective Date. In addition, under the PI Settlement Plan, the Confirmation Orders, and the Settlement agreement, Grace is required to indemnify us with respect to asbestos and certain other liabilities. Although we believe the possibility to be remote, if any courts were to refuse to enforce the injunctions or releases contained in the PI Settlement Plan and the Settlement agreement with respect to any claims, and if, in addition, Grace were unwilling or unable to defend and indemnify the Company and its subsidiaries 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.

Fresenius Claims

In January 2002, we filed a declaratory judgment action against Fresenius Medical Care Holdings, Inc., its parent, Fresenius AG, a German company, and specified affiliates in New York State court asking the court to resolve a contract dispute between the parties. The Fresenius parties contended that we were obligated to indemnify them for liabilities that they might incur as a result of the 1996 Fresenius transaction mentioned above. The Fresenius parties' contention was based on their interpretation of the agreements between them and W. R. Grace & Co. — Conn. in connection with the 1996 Fresenius transaction. In February 2002, the Fresenius parties announced that they had accrued a charge of $172 million for these potential liabilities, which included pre-transaction tax liabilities of Grace and the costs of defense of litigation arising from Grace's Chapter 11 filing. We believe that we were not responsible to indemnify the Fresenius parties under the 1996 agreements and filed the action to proceed to a resolution of the Fresenius parties' claims. In April 2002, the Fresenius parties filed a motion to dismiss the action and for entry of declaratory relief in its favor. We opposed the motion, and in July 2003, the court denied the motion without prejudice in view of the November 27, 2002 agreement in principle referred to above. On the Effective Date, and in connection with the PI Settlement Plan and the Settlement agreement, we and the Fresenius parties exchanged mutual releases, releasing us from any and all claims related to the 1996 Fresenius transaction.

Canadian Claims

In November 2004, the Company's Canadian subsidiary Sealed Air (Canada) Co./Cie learned that it had been named a defendant in the case of Thundersky v. The Attorney General of Canada, et al. (File No. CI4-1-39818), pending in the Manitoba Court of Queen's Bench. Grace and W. R. Grace & Co. — Conn. were also named as defendants. The plaintiff brought the claim as a putative class proceeding and sought recovery for alleged injuries suffered by any Canadian resident, other than in the course of employment, as a result of Grace's marketing, selling, processing, manufacturing, distributing and/or delivering asbestos or asbestos-containing products in Canada prior to the Cryovac Transaction. A plaintiff filed another proceeding in January 2005 in the Manitoba Court of Queen's Bench naming the Company and specified subsidiaries as defendants. The latter proceeding, Her Majesty the Queen in Right of the Province of Manitoba v. The Attorney General of Canada, et al. (File No. CI5-1-41069), sought the recovery of the cost of insured health services allegedly provided by the Government of Manitoba to the members of the class of plaintiffs in the Thundersky proceeding. In October 2005, we learned that six additional putative class proceedings had been brought in various provincial and federal courts in Canada seeking recovery from the Company and its subsidiaries Cryovac, Inc. and Sealed Air (Canada) Co./Cie, as well as other defendants including W. R. Grace & Co. and W. R. Grace & Co. — Conn., for alleged injuries suffered by any Canadian resident, other than in the course of employment (except with respect to one of these six claims), as a result of Grace's marketing, selling, manufacturing, processing, distributing and/or delivering asbestos or asbestos-containing products in Canada prior to the Cryovac transaction. Grace and W. R. Grace & Co. — Conn. agreed to defend, indemnify and hold harmless the Company and its affiliates in respect of any liability and expense, including legal fees and costs, in these actions.

In April 2001, Grace Canada, Inc. had obtained an order of the Superior Court of Justice, Commercial List, Toronto (the "Canadian Court"), recognizing the Chapter 11 actions in the United States of America involving Grace Canada, Inc.'s U.S. parent corporation and other affiliates of Grace Canada, Inc., and enjoining all new actions and staying all current proceedings against Grace Canada, Inc. related to asbestos under the Companies' Creditors Arrangement Act. That order was renewed repeatedly. In November 2005, upon motion by Grace Canada, Inc., the Canadian Court ordered an extension of the injunction and stay to actions involving asbestos against the Company and its Canadian affiliate and the Attorney General of Canada, which had the effect of staying all of the Canadian actions referred to

above. The parties finalized a global settlement of these Canadian actions (except for claims against the Canadian government). That settlement, which has subsequently been amended (the "Canadian Settlement"), will be entirely funded by Grace. The Canadian Court issued an Order on December 13, 2009 approving the Canadian Settlement. 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 11bankruptcy proceeding. As filed, the PI Settlement 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 PI Settlement Plan became effective on February 3, 2014. In accordance with the above-mentioned December 13, 2009 order of the Canadian court, on the Effective Date the actions became permanently stayed until they were amended to remove the Grace parties as named defendants. The above-mentioned actions in the Manitoba Court of Queen's Bench were dismissed by the Manitoba court as against the Grace parties on February 19, 2014. The remaining actions were either dismissed or discontinued with prejudice by the Canadian courts as against the Grace parties in May and June 2015, but for two actions in the Province of Quebec, which were discontinued by order of the Quebec court in February 2016. 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 the Company and its 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 and results of operations.

Additional Matters Related to the Cryovac Transaction

In view of Grace's Chapter 11 filing, we may receive additional claims asserting that we are liable for obligations that Grace had agreed to retain in the Cryovac transaction and for which we may be contingently liable. To date, we are not aware of any material claims having been asserted or threatened against us.

Final determinations and accountings under the Cryovac transaction agreements with respect to matters pertaining to the transaction had not been completed at the time of Grace's Chapter 11 filing in 2001. We filed claims in the bankruptcy proceeding that reflect the costs and liabilities that we have incurred or may incur and that Grace and its affiliates agreed to retain or that are subject to indemnification by Grace and its affiliates under the Cryovac transaction agreements, other than payments to be made under the Settlement agreement. Grace has alleged that we are responsible for specified amounts under the Cryovac transaction agreements. On February 3, 2014, following Grace's emergence from bankruptcy, the Company (for itself and its affiliates, collectively, the "Sealed Air Parties") and Grace (for itself and its affiliates, collectively, the "Grace Parties") entered into a claims settlement agreement (the "Claims Settlement") to resolve certain of the parties' claims against one another arising under the Cryovac transaction agreements (the "Transaction Claims"). Under the Claims Settlement, the Sealed Air Parties released and waived Transaction Claims against the Grace Parties other than asbestos-related claims, Fresenius-related claims, environmental claims, insurance claims, mass tort claims, non-monetary tax sharing agreement claims, certain claims listed in annexes to proofs of claim filed by the Sealed Air Companies in connection with the Grace bankruptcy, claims relating to certain matters described in the PI Settlement Plan, certain executory contract claims relating to certain leased sites or sites that were divided as part of the Cryovac transaction, and certain indemnification claims. Under the Claims Settlement, the Grace Parties released and waived Transaction Claims against the Sealed Air Companies other than non-monetary tax sharing agreement claims, certain executory contract claims relating to certain leased sites or sites that were divided as part of the Cryovac transaction, and certain indemnification claims. The Claims Settlement also provides that the Sealed Air Parties and the Grace Parties will share equally all fees and expenses relating to certain litigation brought by former Cryovac employees. Except to the extent that a claim is specifically referenced, the Claims Settlement does not supersede or affect the obligations of the parties under the PI Settlement Plan or our Settlement agreement.

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 are not reduced by potential insurance recoveries, if any. We do not believe that it is reasonably possible that our liability in excess of the amounts that we have accrued for environmental matters will be material to our consolidated financial condition or results of operations. Environmental liabilities are reassessed whenever circumstances become better defined or remediation efforts and their costs can be better

estimated.

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 or results of operations. We believe that we have adequately reserved for all probable and estimable environmental exposures.

Guarantees and Indemnification Obligations

We are a party to many contracts containing guarantees and indemnification obligations. These contracts primarily consist of:

- product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products will conform to specifications. We generally do not establish a liability for product warranty based on a percentage of sales or other formula. We accrue a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and annual expense related to product warranties are immaterial to our consolidated financial position and results of operations; and
- licenses of intellectual property by us to third parties in which we have agreed to indemnify the licensee against third party infringement claims.

Development Grant Matter

On May 25, 2010, one of our Italian subsidiaries received a demand from the Italian Ministry of Economic Development (the "Ministry") for the total repayment of grant monies paid to two of our former subsidiaries in the amount of €5 million plus interest. The grant monies had previously been certified as payable by the Italian authorities and the grant process was finalized and closed in 2006. We acquired the former subsidiaries in September 2001 as part of an acquisition. The substance of the repayment demand is that the former owners of the subsidiaries made fraudulent claims and used fraudulent documents to support their grant application prior to our acquisition. There is no suggestion that we or our Italian subsidiary were directly involved in the grant process, but the Ministry is seeking repayment from our Italian subsidiary given our capacity as purchaser of the two companies. Our Italian subsidiary submitted a total denial of liability in regard to this matter on June 30, 2010. A hearing on the merits was held on July 3, 2014 and in mid-September; our subsidiary was advised that the demand for repayment of €10 million was upheld. Accordingly, we recorded a current liability and corresponding charge of $14 million related to this matter in 2014. The liability ($13 million equivalent at December 31, 2017 with accrued interest) is included in other current liabilities in the Consolidated Balance Sheet. In mid-December, 2014 we learned our application to suspend enforcement of the judgment pending appeal had been declined. A final hearing on the merits is expected to occur in 2018.

Other Principal Contractual Obligations

At December 31, 2017, we had other principal contractual obligations, which included agreements to purchase an estimated amount of goods, including raw materials, or services in the normal course of business, aggregating to approximately $67.8 million. The estimated future cash outlays are as follows:

Year	Amount (in millions)
2018[1]	$ 62.9
2019	2.5
2020	2.4
Thereafter	—
Total	$ 67.8

(1) Contractual obligations in 2018 include an agreement of a one-time $45.0 million payment in lieu of certain future royalty payments to aid in expediting our organizational efficiency initiatives.

Asset Retirement Obligations

The Company has recorded asset retirement obligations primarily associated with asbestos abatement, lease restitution and the removal of underground tanks. The Company's asset retirement obligation liabilities were $11.0 million and $10.0 million at December 31, 2017 and 2016. The Company also recorded assets within property and equipment, net which included $3.7 million and $3.5 million related to buildings and $7.3 million and $6.5 million related to leasehold improvements as of December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and

2016 accretion expense was $0.3 million.

Leases

We are obligated under the terms of various leases covering primarily warehouse and office facilities and production equipment, as well as smaller manufacturing sites that we occupy. We account for the majority of our leases as operating leases, which may include purchase or renewal options. At December 31, 2017, estimated future minimum annual rental commitments under non-cancelable real and personal property leases were as follows:

Year	Amount (in millions)
2018	$ 10.6
2019	7.9
2020	6.0
2021	3.4
2022	1.3
Thereafter	1.9
Total	$ 31.1

Net rental expense was $12.1 million in 2017, $27.5 million in 2016 and $28.7 million in 2015.

Note 18 Stockholders’ Equity

Repurchase of Common Stock

In July 2015, our Board of Directors authorized a repurchase program of up to $1.5 billion of the Company’s common stock, reflecting its commitment to return value to shareholders. The repurchase program has no expiration date and replaced the previously authorized program, which was terminated. In March 2017, our Board of Directors authorized an increase to the existing share repurchase program by up to an additional $1.5 billion of the Company’s common stock. Refer to Part II, Item 5., "Issuer Purchases of Equity Securities" for further information.

During the year ended December 31, 2017, we repurchased 27,320,816 shares for a total of approximately $1.2 billion with an average share price of $45.44. During the year ended December 31, 2016, we repurchased 4,680,313 shares, for approximately $217.0 million with an average share price of $46.36. These repurchases were made under privately negotiated, accelerated share repurchase programs or open market transactions in accordance with Rule 10b5-1 of the Securities Act of 1933, as amended, and pursuant to the share repurchase program previously approved by our Board of Directors.

During the current year, share purchases under open market transactions were 8,169,390 shares, for approximately $370.5 million with an average share price of $45.35.

In May 2017, the Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase up to $150.0 million of the Company’s common stock. At the conclusion of the program in August 2017, the Company received a total of 2,914,955 shares with an average price of $44.47 for a total cost of $129.6 million.

In September 2017, the Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase $400.0 million of the Company’s common stock. At the conclusion of the program, the Company received a total of 9,147,415 shares with an average price of $43.73.

In November 2017, the Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase $400.0 million of the Company’s common stock. Through December 31, 2017, the Company had received a total of 7,089,056 shares under this agreement. At the conclusion of the program in February 2018, the Company received a total of 8,308,692 shares with an average price of $48.14.

Dividends

The following table shows our total cash dividends paid in the years ended December 31:

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(In millions, except per share amounts)	Total Cash Dividends Paid	Total Cash Dividends Paid Per Common Share
2015	$ 106.8	$ 0.52
2016	121.6	0.61
2017	119.7	0.64
Total	$ 348.1	

On February 14, 2018, our Board of Directors declared a quarterly cash dividend of $0.16 per common share payable on March 16, 2018 to stockholders of record at the close of business on March 2, 2018. The estimated amount of this dividend payment is $26.8 million based on 167 million shares of our common stock issued and outstanding as of February 9, 2018.

The dividend payments discussed above are recorded as reductions to cash and cash equivalents and retained earnings on our Consolidated Balance Sheet. Our credit facility and our 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. 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

The following is a summary of changes during the years ended December 31, in shares of our common stock and common stock in treasury:

	2017	2016	2015
Changes in common stock:			
Number of shares, beginning of year	227,638,738	225,625,636	224,683,653
Restricted stock shares issued for new awards under the Omnibus Incentive Plan and 2005 Contingent Stock Plan	480,283	481,834	419,844
Restricted stock shares, forfeited	(184,235)	(89,699)	(185,056)
Shares issued for vested restricted stock units	607,231	179,826	172,071
Shares issued for 2012 President and Chief Operating Officer (COO) Four-Year Award	—	325,000	—
Shares issued for 2014 Special PSU Awards	749,653	—	—
Shares issued for 2014 Three-Year PSU Awards	636,723	—	—
Shares issued for 2013 Three-Year PSU Awards	—	1,074,017	—
Shares issued for 2012 Three-Year PSU Awards	—	—	442,985
Shares issued for SLO Awards	136,783	20,587	71,893
Shares granted and issued under the Omnibus Incentive Plan and Directors Stock Plan to Directors	15,768	21,537	20,246
Number of shares issued, end of year	230,080,944	227,638,738	225,625,636
Changes in common stock in treasury:			
Number of shares held, beginning of year	34,156,355	29,612,337	14,151,759
Repurchase of common stock	27,320,816	4,680,313	16,123,111
Profit sharing contribution paid in stock	(502,519)	(830,613)	(787,463)
Restricted stock shares forfeitures transferred to Omnibus Incentive Plan Reserve	—	—	(75,638)
Restricted stock shares, forfeited	—	(1,813)	—
Shares withheld for taxes	510,771	696,131	200,568
Number of shares held, end of year	61,485,423	34,156,355	29,612,337
Number of common stock outstanding, end of year	168,595,521	193,482,383	196,013,299

Share-Based Compensation

In 2014, the Board of Directors adopted, and its stockholders approved, the 2014 Omnibus Incentive Plan (“Omnibus Incentive Plan”). Under the Omnibus Incentive Plan, the maximum number of shares of Common Stock authorized was 4,250,000, plus total shares available to be issued as of May 22, 2014 under the 2002 Directors Stock Plan and the 2005 Contingent Stock Plan (collectively, the “Predecessor Plans”). The Omnibus Incentive Plan replaced the Predecessor Plans and no further awards were granted under the Predecessor Plans. The Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance share units known as PSU awards, other stock awards and cash awards to officers, non-employee directors, key employees, consultants and advisors.

Prior to the Omnibus Incentive Plan, the 2005 Contingent Stock Plan represented our sole long-term equity compensation program for officers and employees. The 2005 Contingent Stock Plan provided for awards of equity-based compensation, including restricted stock, restricted stock units, PSU awards and cash awards measured by share price, to our executive officers and other key employees, as well as U.S.-based key consultants. Prior to the Omnibus Incentive Plan, the 2002 Directors Stock Plan provided for annual grants of shares to non-employee directors, and interim grants of shares to eligible directors elected at times other than at an annual meeting, as all or part of the annual or interim retainer fees for non-employee directors. During 2002, we adopted a plan that permitted non-employee directors to elect to defer all or part of their annual retainer until the non-employee director retires from the Board of Directors. The non-employee director could elect to defer the portion of the annual retainer payable in

shares of stock, as well as the portion, if any, payable in cash. Cash dividends on deferred shares are reinvested into additional deferred units in each non-employee director’s account.

A summary of the changes in common shares available for awards under the Omnibus Incentive Plan and Predecessor Plans follows:

	2017	2016	2015
Number of shares available, beginning of year	5,385,870	7,694,739	8,775,994
Restricted stock shares issued for new awards under the Omnibus Incentive Plan and 2005 Contingent Stock Plan	(480,283)	(481,834)	(419,844)
Restricted stock shares forfeited	184,235	87,886	185,056
Restricted stock units awarded	(351,946)	(428,595)	(300,085)
Restricted stock units forfeited	288,801	29,774	38,100
Shares issued for 2012 President and COO Four-Year Award	—	(325,000)	—
Shares issued for 2014 Special PSU Awards	(749,653)	—	—
Shares issued for 2014 Three-Year PSU Awards	(636,723)	—	—
Shares issued for 2013 Three-Year PSU Awards	—	(1,074,017)	—
Shares issued for 2012 Three-year PSU Awards	—	—	(442,985)
Restricted stock units awarded for SLO Awards	(44,254)	(81,614)	(134,078)
SLO units forfeited	3,639	—	13,752
Director shares granted and issued	(15,491)	(18,022)	(20,246)
Director units granted and deferred[1]	(17,008)	(17,447)	(925)
Shares withheld for taxes[2]	101,767	—	—
Number of shares available, end of year[3]	3,668,954	5,385,870	7,694,739

(1) Director units granted and deferred include the impact of share-settled dividends earned and deferred on deferred shares.

(2) The Omnibus Incentive Plan and 2005 Contingent Stock Plan permit “minimum” withholding of taxes and other charges that may be required by law to be paid attributable to awards by withholding a portion of the shares attributable to such awards.

(3) The above table excludes approximately 2.2 million of contingently issuable shares under the PSU awards and SLO awards, which represents the maximum number of shares that could be issued under those plans as of December 31, 2017.

We record share-based incentive compensation expense in selling, general and administrative expenses and cost of sales on our Consolidated Statements of Operations for both equity-classified awards and liability-classified awards. We record corresponding credit to additional paid-in capital within stockholders’ equity for equity-classified awards, and to either current or non-current liability for liability-classified awards based on the fair value of the share-based incentive compensation awards at the date of grant. Total expense for the liability-classified awards continues to be remeasured to fair value at the end of each reporting period. We recognize an expense or credit reflecting the straight-line recognition, net of estimated forfeitures, of the expected cost of the program. The number of PSUs earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met.

The following table summarizes the Company’s pre-tax share-based incentive compensation expense and related income tax benefit for the years ended December 31, 2017, 2016 and 2015 related to the Company’s PSU awards, SLO awards and restricted stock awards.

(In millions)	2017	2016	2015
2017 Three-year PSU Awards[1]	$ 9.8	$ —	$ —
2017 COO and Chief Executive Officer-Designate 2017 New Hire Equity Awards	0.1	—	—
2016 Three-year PSU Awards[1]	2.0	6.3	—
2016 President & CEO Inducement Award	0.5	0.5	—
2015 Three-year PSU Awards	(0.8)	3.5	4.7
2014 Special PSU Awards[2][3]	3.2	8.8	15.7
2014 Three-year PSU Awards	—	4.9	7.0
2013 Three-year PSU Awards	—	—	4.7
2012 President & COO Four-year Incentive Compensation	—	0.2	0.3
SLO Awards	1.1	2.5	3.7
Other long-term share-based incentive compensation programs[4][6]	32.6	36.2	25.1
Total share-based incentive compensation expense[5]	$ 48.5	$ 62.9	$ 61.2
Associated tax benefits recognized	$ 11.8	$ 19.7	$ 18.6

(1) On May 18, 2017, The Organization and Compensation Committee of our Board of Directors ("O&C Committee") approved a change in the vesting policy regarding the existing 2017 Three-year PSU Awards and 2016 Three-year PSU Awards for Ilham Kadri. The approved change will result in a pro-rata share of vesting calculated on the close date of the sale of Diversey. Dr. Kadri's awards will still be subject to the performance metrics stipulated in the plan documents, and will be paid out in accordance with the original planned timing.

(2) The amount does not include expense related to the 2014 Special PSU awards that will be settled in cash of $1.0 million in the year ended December 31, 2017.

(3) The amount includes only the two initial performance-based equity awards. See below for further detail.

(4) The amount includes the expenses associated with the restricted stock awards consisting of restricted stock shares, restricted stock units and cash-settled restricted stock unit awards.

(5) The amounts do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock as these contributions are not considered share-based incentive compensation.

(6) On August 4, 2017, the Equity Award Committee approved a change in the vesting condition regarding the existing long-term share based compensation programs transferring to Diversey as part of the sale of Diversey. The approved change will result in a pro-rata share of vesting calculated on the close date of the sale of Diversey. We

recorded the cumulative expense of the higher fair value of the impacted awards at modification approval.

Restricted Stock, Restricted Stock Units and Cash-Settled Restricted Stock Unit Awards

Restricted stock, restricted stock units and cash-settled restricted stock unit awards (cash payment in an amount equal to the value of the shares on the vesting date) provide for a vesting period. Awards vest earlier in the event of the participant's death or disability. If a participant terminates employment prior to vesting, then the award of restricted stock, restricted stock units or cash-settled restricted stock unit awards is forfeited, except for certain circumstances following a change in control. The O&C Committee may waive the forfeiture of all or a portion of an award. During the vesting period, holders of unvested shares of restricted stock (but not holders of unvested shares of restricted stock units or cash-settled restricted stock unit awards) are entitled to receive dividends on the same basis as dividends are paid to other stockholders and are entitled to vote the unvested shares.

The following table summarizes activity for unvested restricted stock and restricted stock units for 2017:

	Restricted stock shares			Restricted stock units		
	Shares	Weighted-Average per Share Fair Value on Grant Date	Aggregate Intrinsic Value (in millions)	Shares	Weighted-Average per Share Fair Value on Grant Date	Aggregate Intrinsic Value (in millions)
Non-vested at December 31, 2016	1,317,138	$ 40.13		1,101,444	$ 40.11	
Granted	480,283	47.00		351,946	46.75	
Vested	(567,770)	34.33	$ 26.6	(607,231)	36.96	$ 28.3
Forfeited or expired	(184,235)	45.54		(288,737)	43.66	
Non-vested at December 31, 2017	1,045,416	$ 45.21		557,422	$ 45.34	

A summary of the Company's fair values of its vested restricted stock shares and restricted stock units are shown in the following table:

(In millions)	2017	2016	2015
Fair value of restricted stock shares vested	$19.5	$10.0	$10.2
Fair value of restricted stock units vested	$22.4	$5.2	$3.0

A summary of the Company's unrecognized compensation cost and weighted average periods over which the compensation cost is expected to be recognized for its non-vested restricted stock shares and restricted stock units are shown in the following table:

(In millions)	Unrecognized Compensation Costs	Weighted Average to be recognized (in years)
Restricted Stock shares	$ 21.0	1.3
Restricted Stock units	$ 11.3	1.3

The non-vested cash awards excluded from table above had $1.2 million unrecognized compensation costs and weighted-average remaining contractual life of approximately 1.2 years. We have recognized a liability of $1.0 million and $1.0 million in current and other non-current liabilities on our Consolidated Balance Sheet.

PSU Awards

Three-year PSU awards for 2015, 2016 and 2017

During the first 90 days of each year, the O&C Committee of our Board of Directors approves PSU awards for our executive officers and other selected key executives, which include for each officer or executive a target number of shares of common stock and performance goals and measures that will determine the percentage of the target award that is earned following the end of the three-year performance period. Following the end of the performance period, in addition to shares, participants will also receive a cash payment in the amount of the dividends (without interest) that would have been paid during the performance period on the number of shares that they have earned. Each PSU is subject to forfeiture if the recipient terminates employment with the Company prior to the end of the three-year award performance period for any reason other than death, disability or retirement. In the event of death, disability or retirement, a participant will receive a prorated payment based on such participant's number of full months of service during the award performance period, further adjusted based on the achievement of the performance goals during the award performance period. All of these PSUs are classified as equity in the Consolidated Balance Sheet.

The O&C Committee established principal performance goals, which are (i) total shareholder return for three-year performance period weighted at 35% for the 2015 awards, 50% for 2016 awards and 34% for the 2017 awards;

(ii) consolidated Adjusted EBITDA margin measured in the final year of the award weighted at 65% for the 2015, 50% for 2016 awards and 33% for the 2017 awards; and (iii) three-year compound annual growth rate of net trade sales weighted at 33% for the 2017 awards. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares.

PSUs – Adjusted EBITDA

The PSUs granted based on Adjusted EBITDA are contingently awarded and will be payable in shares of the Company's common stock based on the Company's Adjusted EBITDA during the three years of the performance period compared a target set at the time of the grant by the O&C Committee. The fair value of the PSUs based on Adjusted EBITDA is based on grant date fair value which is equivalent to the closing price of one share of the Company's common stock on the date of grant. The number of PSUs based on Adjusted EBITDA varies based on the probable outcome of the performance condition. The Company reassesses at each reporting date whether achievement of the performance condition is probable and accrues compensation expense if and when achievement of the performance condition is probable.

The number of PSUs granted based on Adjusted EBITDA and the grant date fair value are shown in the following table:

	2017	2016	2015
Number of units granted	99,522	165,391	158,964
Weighted average fair value on grant date[(1)]	$45.21	$43.09	$46.05

(1) On May 18, 2017, the O&C Committee approved a change in the vesting policy regarding the existing 2017 Three-year PSU Awards and 2016 Three-year PSU Awards for Ilham Kadri. The modified vesting terms resulted in award modification accounting treatment. The Weighted average fair value on grant date reflects the impact of the fair value on date of modification for these awards.

PSUs – Total Shareholder Return (TSR)

The PSUs granted based on TSR are contingently awarded and will be payable in shares of the Company's common stock subject to the condition that the number of PSUs, if any, earned by the employees upon the expiration of a three-year award performance period is dependent on the Company's TSR ranking relative to a peer group of companies. The fair value of the PSUs based on TSR was estimated on the grant date using a Monte Carlo Simulation model that incorporates predictive modeling techniques using Geometric Brownian Motion and Crystal Ball's random number generation. Other assumptions include the expected volatility of all companies included in the TSR, the historical share price returns analysis of all companies included in the TSR and assumes dividends are reinvested. The expected volatility was based on the historical volatility for a period of time that approximates the duration between the valuation date and the end of the performance period. The risk-free interest rate is based on the Zero-Coupon Treasury STRIP yield curve matching the term from the valuation date to the end of the performance period. Compensation expense for the PSUs based on TSR (which is considered a market condition) is a fixed amount determined at the grant date fair value and is recognized 100% over the three-year award performance period regardless of whether PSUs are awarded at the end of the award performance period.

The number of PSUs granted based on TSR and the assumptions used to calculate the grant date fair value of the PSUs based on TSR are shown in the following table:

	2017	2016	2015
Number of units granted	100,958	124,755	65,796
Weighted average fair value on grant date[(1)]	$44.24	$54.94	$59.91
Expected Price volatility[(1)]	25.31 %	26.69 %	29.90 %
Risk-free interest rate[(1)]	1.56 %	0.98 %	1.05 %

(1) On May 18, 2017, the O&C Committee approved a change in the vesting policy regarding the existing 2017 Three-year PSU Awards and 2016 Three-year PSU Awards for Ilham Kadri. The modified vesting terms resulted in award modification accounting treatment. The Weighted average fair value on grant date reflects the impact of the fair value on date of modification for these awards.

PSUs - Net Trade Sales Compound Annual Growth Rate

The PSUs granted based on Net Trade Sales Compound Annual Growth Rate (CAGR) are contingently awarded and will be payable in shares of the Company's common stock based on the Company's Net Trade Sales growth over a three-year award performance period compared to a target set at the time of the grant by the O&C Committee. The fair value of the PSUs based on Net Trade Sales Growth is based on grant date fair value which is equivalent to the closing price of one share of the Company's common stock on the date of grant. The number of PSUs based on Net Trade Sales Growth varies based on the probable outcome of the performance condition. The Company reassesses at each reporting date whether achievement of the

performance condition is probable and accrues compensation expense if and when achievement of the performance condition is probable.

The number of PSUs granted based on Net Trade Sales Growth and the grant date fair value are shown in the following table:

	2017
Number of units granted	99,522
Weighted average fair value on grant date[1]	$45.21

(1) On May 18, 2017, the O&C Committee approved a change in the vesting policy regarding the existing 2017 Three-year PSU Awards and 2016 Three-year PSU Awards for Ilham Kadri. The modified vesting terms resulted in award modification accounting treatment. The Weighted average fair value on grant date reflects the impact of the fair value on date of modification for these awards.

The following table includes additional information related to estimated earned payout based on the probable outcome of the performance condition and market condition as of December 31, 2017:

	Estimated Payout %							
	Net Trade Sales Growth		Adjusted EBITDA		TSR		Combined	
2017 Three-year PSU Awards	100	%	100	%	100	%	100	%
2016 Three-year PSU Awards	NA		59	%	—	%	30	%
2015 Three-year PSU Awards	NA		73	%	73	%	73	%

The following table summarizes activity for outstanding Three-year PSU awards (excluding 2014 Special PSU Award) for 2017:

	Shares	Aggregate Intrinsic Value (in millions)[2]
Outstanding at December 31, 2016	827,712	
Granted[1]	300,002	
Converted	(325,178)	$ 30.0
Forfeited or expired	(139,605)	
Outstanding at December 31, 2017	662,931	
Fully vested at December 31, 2017	543,975	$ 26.8

(1) This represents the target number of performance units granted. Actual number of PSUs earned, if any, is dependent upon performance and may range from 0% to 200% percent of the target.

(2) The aggregate intrinsic value is based on the actual number of PSUs earned and vested at December 31, 2016 which were issued in February 2017.

The following table summarizes activity for non-vested Three-year PSU awards for 2017:

Shares	Weighted-Average per Share Fair Value on Grant Date

Non-vested at December 31, 2016	459,014	$	49.55
Granted	300,002	$	44.88
Vested	(500,455)	$	47.89
Forfeited or expired	(139,605)	$	46.43
Non-vested at December 31, 2017	118,956	$	48.40

A summary of the Company's fair value for its vested three-year PSU awards is shown in the following table:

(In millions)	2017	2016	2015
Fair value of three-year PSU awards vested	$24.0	$14.3	$20.1

A summary of the Company's unrecognized compensation cost for three-year PSU awards at the current estimated earned payout based on the probable outcome of the performance condition and weighted average periods over which the compensation cost is expected to be recognized as shown in the following table:

(In millions)	Unrecognized Compensation Costs	Weighted Average to be recognized (in years)
2017 Three-year PSU Awards	$ 2.1	2.0
2016 Three-year PSU Awards	0.5	1.0
2015 Three-year PSU Awards	—	0.0

Chief Operating Officer (COO) and Chief Executive Officer-Designate 2017 New Hire Equity Awards

On September 5, 2017, the Board elected Edward L. Doheny II, Chief Operating Officer and CEO-Designate and elected him as a Director of the Company effective September 18, 2017. As Chief Operating Officer and CEO-Designate, Mr. Doheny worked on transitioning with Jerome Peribere until December 31, 2017 and then assumed the role and title of President and Chief Executive Officer effective as of January 1, 2018. Additionally, on September 5, 2017, the Company entered into an offer letter agreement, effective September 18, 2017, with Mr. Doheny. The Letter Agreement provides that Mr. Doheny will be granted on his start date two new-hire equity awards, one that is time-vesting and the other that is performance-vesting (the "New Hire Awards").

The time-vesting New Hire Award, for 30,000 shares, requires Mr. Doheny to remain in service with the Company through December 31, 2020. The grant date fair value for this award was $42.89 per share.

The performance-vesting New Hire Award, for 70,000 shares, in addition to the time-vesting requirement noted above, requires that either (i) the Company's cumulative total stockholder return for 2018-2020 be in the top 33% of its peers (using the same peers and methodology under the Company's performance stock unit (PSU) awards) and the Company's stock price as of December 31, 2020 equals at least $60.00 per share, or (ii) the Company's stock price as of December 31, 2020 equals at least $75.00 per share. The Letter Agreement provides that the stock price as of December 31, 2020 for this purpose will be determined using a 30-day arithmetic mean of closing prices. Since the award includes a market condition, compensation expense will be recognized regardless of whether the market condition is satisfied provided that the requisite service has been provided.

The grant date fair value for this award was determined using a Monte Carlo Simulation model that incorporates predictive modeling techniques using Geometric Brownian Motion and Crystal Ball's random number generation. Other assumptions include the expected volatility of all companies included in the total shareholder return, valuation modeling of vesting payoff determination featuring both performance goals as noted above, the historical share price returns analysis of all companies included in the total shareholder return and assumes dividends are reinvested. The expected volatility was based on the historical volatility of peer companies for a period of time that approximates the duration between the beginning and the end of the performance period. The risk-free interest rate is based on the Zero-Coupon Treasury STRIP yield curve matching the term from the valuation date to the end of the performance period Compensation expense for the performance-vesting Inducement Award is a fixed amount determined at the grant date fair value and is recognized 100% from the time of the award to the end of the performance period regardless of whether shares are awarded at the end of the award performance period.

The assumptions used to calculate the grant date fair value of the performance-vesting New Hire Award are shown in the following table:

	2017 Performance-vesting New Hire Award	
Fair value on grant date	$ 10.63	
Expected price volatility	25.0	%
Risk-free interest rate	1.6	%

The awards are described in further detail in Mr. Doheny's Offer Letter filed with the SEC as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 7, 2017.

President and Chief Executive Officer (CEO) 2016 Inducement Awards

On January 15, 2016, Mr. Peribere, entered into a letter agreement (the "Amendment Letter") amending the terms of his employment letter with the Company dated August 28, 2012 to extend the term of Mr. Peribere's employment and make certain compensation adjustments. The Amendment Letter also provides Mr. Peribere with two additional awards of restricted stock units under the Company's 2014 Omnibus Incentive Plan (the "Inducement Awards"), one that is time-vesting and the other that is performance-vesting.

The time-vesting Inducement Award, for 75,000 shares, requires Mr. Peribere to remain in service with the Company through December 31, 2017. The grant date fair value for this award was $39.95 per share.

The performance-vesting Inducement Award, also for 75,000 shares, in addition to the time-vesting requirement noted above, requires that either (i) the Company's cumulative TSR for 2016-2017 be in the top 25% of its peers (using the same peers and methodology under the Company's performance stock unit (PSU) awards) and the Company's stock price as of December 31, 2017 equals at least $43.70 per share, or (ii) the Company's stock price as of December 31, 2017 equals at least $55.00 per share. The Amendment Letter provides that the stock price as of December 31, 2017 for this purpose will be determined using a 30-day arithmetic mean of closing prices. Since the award includes a market condition, compensation expense will be recognized regardless of whether the market condition is satisfied provided that the requisite service has been provided.

The grant date fair value for this award was determined using a Monte Carlo Simulation model that incorporates predictive modeling techniques using Geometric Brownian Motion and Crystal Ball's random number generation. Other assumptions include the expected volatility of all companies included in the total shareholder return, valuation modeling of vesting payoff determination featuring both performance goals as noted above, the historical share price returns analysis of all companies included in the total shareholder return and assumes dividends are reinvested. The expected volatility was based on the historical volatility for a period of time that approximates the duration between the valuation date and the end of the performance period. The risk-free interest rate is based on the Zero-Coupon Treasury STRIP yield curve matching the term from the valuation date to the end of the performance period

Compensation expense for the performance-vesting Inducement Award is a fixed amount determined at the grant date fair value and is recognized 100% over the two-year award performance period regardless of whether shares are awarded at the end of the award performance period.

The assumptions used to calculate the grant date fair value of the performance-vesting Inducement Award are shown in the following table:

	2016 Performance-vesting Inducement Award	
Fair value on grant date	$ 12.55	
Expected price volatility	24.60	%
Risk-free interest rate	0.92	%

The awards are described in further detail in Mr. Peribere's Amendment Letter filed with the SEC as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 20, 2016. As of December 31, 2017, the requirements of the President and Chief Executive Officer (CEO) 2016 Inducement Awards were not met; as such, the projected achievement and payout of the award is 0.0%.

2014 Special PSU Award

During March 2014, the O&C Committee approved a special PSU award to the named executive officers and a broader group of other employees. The special PSU awards are earned principally based on achievement of specified levels of free cash flow, above targets established in the Company's three-year strategic plan, over the three year performance period of 2014-2016. In addition, no portion of an award is earned unless we achieve a minimum specified level of adjusted earnings per share for 2017, in order to balance the free cash flow goal with an appropriate focus on generating earnings. To further balance the incentives, the award earned based on free cash flow performance will be reduced by 25% if our relative TSR for the performance period is below the 50th percentile of an approved peer group of companies. Any PSUs earned will be paid out in equal installments over two years, in early 2017 and, subject to an additional 2017 performance requirement, in early 2018.

This award includes both equity-classified awards which do not get remeasured and liability-classified awards which get remeasured each reporting period. For equity-classified awards, 641,480 PSUs at target payout were granted based on performance conditions and the weighted average grant date fair value was $32.10. For equity-classified awards, 213,827 at target payout of PSUs were granted based on TSR and the weighted average grant date fair value was $13.73 per share. The expected price volatility and risk-free interest rate were 32.90% and 0.68%, respectively.

In February 2017, the O&C certified performance for the first half of award payment at 200.0%. The first half of the award vested to recipients in February 2017. For the equity-settled awards, 749,653 vested with an aggregated intrinsic value of $35.3 million. The fair value of the equity settled awards that vested in February 2017 was $20.6 million.

On August 4, 2017, the Equity Award Committee approved a change in the vesting condition regarding the existing 2014 Special PSU Awards for individuals (other than Dr. Kadri) transferring to Diversey as part of the sale of Diversey. The approved change will result in a pro-rata share of vesting calculated on the close date of the sale of Diversey. The modified awards will still be subject to the performance metrics stipulated in the plan documents, and will be paid out in accordance with the original planned timing. As the second half did not contain a market condition, the fair value of the modified awards was $43.49 per share, which was the stock price on the date the Equity Award Committee approved the modification. We recorded the cumulative expense of the higher fair value of the impacted awards at modification approval.

As of December 31, 2017, the Company had met the additional performance requirement to earn the second half of the award scheduled to be paid in early 2018. The expected achievement of the second half of the award is 200.0% based on the Company's performance on the previously achieved metrics.

We record expense associated with the liability-classified awards in selling, general and administrative expenses and cost of sales. The liability recognized for liability-classified awards was $3.9 million.

Stock Leverage Opportunity Awards

Before the start of each performance year, each of our executive officers and other selected key executives is eligible to elect to receive all or a portion of his or her annual cash bonus for that year, in increments of 25% of the annual bonus, as an award of restricted stock or restricted stock units under the Omnibus Incentive Plan in lieu of cash. The portion provided as an equity award may be given a premium to be determined by the O&C Committee each year and will be rounded up to the nearest whole share. The award will be granted following the end of the performance year and after determination by the O&C Committee of the amount of the annual bonus award for each executive officer and other selected key executive who has elected to take all or a portion of his or her annual bonus as an equity award, but no later than the March 15 following the end of the performance year.

The equity award will be made in the form of an award of restricted stock units that will vest on the second anniversary of the grant date or earlier in the event of death, disability or retirement from employment with the Company, and the shares subject to the award will not be transferable by the recipient until the later of vesting or the second anniversary of the grant date. For the "principal portion" of the award that would have otherwise been paid in cash, the award vests upon any termination of employment, other than for cause. For the "premium portion" of the award equal to the additional 25%, the award vests only in case of death, disability or retirement from the Company. Except as described above, if the recipient ceases to be employed by the Company prior to vesting, then the award is

forfeited, except for certain circumstances following a change in control. SLO awards in the form of restricted stock units have no voting rights until shares are issued to them but do receive a cash payment in the amount of the dividends (without interest) on the shares they have earned at about the same time that shares are issued to them following the period of restriction.

The 2016 SLO awards comprise an aggregate of 21,490 restricted stock units as of December 31, 2017. The final number of units issued will be determined based on Annual Incentive Plan payout. During 2017, 44,254 restricted units were issued for the 2016 annual incentive plan. We recorded $1.1 million, $2.5 million and $3.7 million in expense related to the SLO program in the years ended December 31, 2017, 2016 and 2015, respectively. We record compensation expense for these awards in selling, general and administrative expenses on the Consolidated Statements of Operations with a corresponding credit to additional paid-in capital within stockholders' equity, based on the fair value of the awards at the end of each reporting period, which reflects the effects of stock price changes. The expense is recognized over a fifteen month period on a straight-line basis.

Other Common Stock Issuances

We have historically issued shares of our common stock under our 2005 Contingent Stock Plan to selected U.S.-based consultants as compensation under consulting agreements primarily for research and development projects. We record the cost associated with these issuances on a straight-line basis based on each of the issuances' vesting schedule. Current liability and unrecognized deferred compensation expense for these awards are not material as of December 31, 2017.

During the year we have also granted performance share unit awards to key executives based on acquisition activity. The performance metrics require the acquired business to reach certain performance based conditions over a set period of time. The fair value is determined on the grant date. During the year, we granted 30,506 units for such activity; expense incurred in the year ended December 31, 2017 was $0.1 million.

Note 19 Accumulated Other Comprehensive (Loss) Income

The following table provides details of comprehensive (loss) income:

(In millions)	Unrecognized Pension Items	Cumulative Translation Adjustment	Unrecognized Gains (Losses) on Derivative Instruments for net investment hedge	Unrecognized Gains (Losses) on Derivative Instruments for cash flow hedge	Accumulated Other Comprehensive Income (Loss), Net of Taxes
Balance at December 31, 2015[1]	$ (266.0)	$ (564.0)	$ 1.7	$ 8.3	$ (820.0)
Other comprehensive (loss) income before reclassifications	(18.0)	(91.9)	19.3	(16.7)	(107.3)
Less: amounts reclassified from accumulated other comprehensive income (loss)	7.3	(46.0)	—	16.9	(21.8)
Net current period other comprehensive (loss) income	(10.7)	(137.9)	19.3	0.2	(129.1)
Balance at December 31, 2016[1]	$ (276.7)	$ (701.9)	$ 21.0	$ 8.5	$ (949.1)
Other comprehensive income (loss) before reclassifications[2]	167.1	7.5	(67.8)	(10.4)	96.4
Less: amounts reclassified from accumulated other comprehensive income (loss)	6.2	—	—	1.6	7.8
Net current period other comprehensive income (loss)	173.3	7.5	(67.8)	(8.8)	104.2
Balance at December 31, 2017[1]	$ (103.4)	$ (694.4)	$ (46.8)	$ (0.3)	$ (844.9)

(1) The ending balance in AOCI includes gains and losses on intra-entity foreign currency transactions. The intra-entity currency translation adjustment was $(78.2) million, $(8.3) million and $31.1 million for the years ended December 31, 2017, 2016 and 2015.

(2)

Includes $173.4 million of unrecognized pension items and $454.7 million of cumulative translation adjustments, which were written off as part of the sale of Diversey for the year ended December 31, 2017.

The following table provides detail of amounts reclassified from accumulated other comprehensive income:

(In millions)	2017[1]	2016[1]	2015[1]	Location of Amount Reclassified from AOCI
Defined benefit pension plans and other post-employment benefits:				
Prior service costs	$ 1.3	$ 1.6	$ 0.7	[2]
Actuarial losses	(10.0)	(11.2)	(11.1)	[2]
Total pre-tax amount[5]	(8.7)	(9.6)	(10.4)	
Tax (expense) benefit	2.5	2.3	2.3	
Net of tax	(6.2)	(7.3)	(8.1)	
Reclassifications from cumulative translation adjustment:				
Charges related to Venezuelan subsidiaries	—	46.0	—	[4]
Net gains (losses) on cash flow hedging derivatives:				
Foreign currency forward contracts	0.9	0.6	9.6	[3] Other income, net
Interest rate and currency swaps	(3.4)	(25.9)	25.7	[3] Various
Treasury locks	0.1	0.1	0.1	[3] Interest expense
Total pre-tax amount	(2.4)	(25.2)	35.4	
Tax benefit (expense)	0.8	8.3	(11.0)	
Net of tax	(1.6)	(16.9)	24.4	
Total reclassifications for the period	$ (7.8)	$ 21.8	$ 16.3	

(1) Amounts in parenthesis indicate changes to earnings (loss).

(2) These accumulated other comprehensive components are included in the computation of net periodic benefit costs within cost of sales and selling, general, and administrative expenses on the Consolidated Statement of Operations.

(3) These accumulated other comprehensive components are included in our derivative and hedging activities. See Note 12, “Derivatives and Hedging Activities” of the Notes to Consolidated Financial Statements for additional details.

(4) 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 2, “Summary of Significant Accounting Policies and Recently Issued Accounting Standards” under the “Impact of Inflation and Currency Fluctuation” section of the Notes to the Consolidated Financial Statements for further details.

(5) Amounts related to Diversey have been reclassified to earnings from discontinued operations, net of tax on the Consolidated Statement of Operations. For the years ended December 31, 2017, 2016 and 2015 there was $3.7 million, $3.8 million and $3.1 million reclassified, respectively.

Note 20 Other (Expense) Income, net

The following table provides details of other (expense) income, net:

	Year Ended December 31,		
(In millions)	2017	2016	2015
Net foreign exchange transaction (loss) gain	$ (5.9)	$ 8.3	$ 7.3
Bank fee expense	(5.8)	(5.4)	(5.7)
Net (loss) gain on disposals of property and equipment and other	(0.7)	(1.4)	0.1
Other, net	(6.1)	(2.2)	0.3
Other (expense) income, net	$ (18.5)	$ (0.7)	$ 2.0

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Note 21 Net Earnings per Common Share

The following table sets forth the calculation of basic and diluted net earnings per common share under the two-class method for the years ended December 31:

	Year Ended December 31,		
(In millions, except per share amounts)	2017	2016	2015
Basic Net Earnings Per Common Share:			
Numerator			
Net earnings available to common stockholders	$814.9	$486.4	$335.4
Distributed and allocated undistributed net earnings to non-vested restricted stockholders	(4.9)	(3.4)	(2.2)
Distributed and allocated undistributed net earnings to common stockholders	810.0	483.0	333.2
Distributed net earnings - dividends paid to common stockholders	(118.7)	(118.7)	(106.2)
Allocation of undistributed net earnings to common stockholders	$691.3	$364.3	$227.0
Denominator			
Weighted average number of common shares outstanding - basic	186.9	194.3	203.9
Basic net earnings per common share:			
Distributed net earnings to common stockholders	$0.64	$0.61	$0.52
Allocated undistributed net earnings to common stockholders	3.69	1.88	1.11
Basic net earnings per common share	$4.33	$2.49	$1.63
Diluted Net Earnings Per Common Share:			
Numerator			
Distributed and allocated undistributed net earnings to common stockholders	$810.0	$483.0	$333.2
Add: Allocated undistributed net earnings to unvested restricted stockholders	4.3	2.6	1.6
Less: Undistributed net earnings reallocated to non-vested restricted stockholders	(4.3)	(2.6)	(1.6)
Net earnings available to common stockholders - diluted	$810.0	$483.0	$333.2
Denominator			
Weighted average number of common shares outstanding - basic	186.9	194.3	203.9
Effect of contingently issuable shares	0.7	1.2	1.3
Effect of unvested restricted stock units	0.7	0.7	0.7
Weighted average number of common shares outstanding - diluted under two-class	188.3	196.2	205.9
Effect of unvested restricted stock - participating security	0.6	1.0	0.8
Weighted average number of common shares outstanding - diluted under treasury stock	188.9	197.2	206.7
Diluted net earnings per common share	$4.29	$2.46	$1.62

PSU Awards

We included contingently issuable shares using the treasury stock method for our PSU awards in the diluted weighted average number of common shares outstanding based on the number of contingently issuable shares that would be issued assuming the end of our reporting period was the end of the relevant PSU award contingency period. The calculation of diluted weighted average shares outstanding includes approximately 1 million shares related to PSUs in the years 2017, 2016 and 2015.

Stock Leverage Opportunity Awards (“SLO”)

The shares or units associated with the 2017 SLO awards are considered contingently issuable shares and therefore are not included in the basic or diluted weighted average number of common shares outstanding for the year ended December 31,

2017. These shares or units will not be included in the common shares outstanding until the final determination of the amount of annual incentive compensation is made in the first quarter of 2018. Once this determination is made, the shares or units will be included in diluted weighted average number of common shares outstanding if the impact to diluted net earnings per common share is dilutive. The numbers of shares or units associated with SLO awards for 2017, 2016 and 2015 were nominal.

Note 22 Summarized Quarterly Financial Information (Unaudited)

	2017			
(In millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,032.2	$1,070.3	$1,131.3	$1,227.8
Gross profit	336.4	344.3	362.1	374.4
Net (loss) earnings from continuing operations	(53.7)	29.0	62.5	25.0
Gain (loss) on sale of discontinued operations, net of taxes	—	—	699.3	(58.6)
Net earnings from discontinued operations, net of tax[2]	10.5	75.1	25.7	0.1
Net (loss) earnings available to common stockholders[1]	$(43.2)	$104.1	$787.5	$(33.5)
Basic:				
Continuing operations	$(0.27)	$0.14	$0.33	$0.14
Discontinued operations[2]	0.05	0.39	3.86	(0.33)
Net (loss) earnings per common share - basic	$(0.22)	$0.53	$4.19	$(0.19)
Diluted:				
Continuing operations	$(0.27)	$0.14	$0.33	$0.14
Discontinued operations[2]	0.05	0.38	3.82	(0.33)
Net (loss) earnings per common share - diluted	$(0.22)	$0.52	$4.15	$(0.19)

	2016			
(In millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,005.9	$1,038.9	$1,065.1	$1,101.4
Gross profit	335.6	349.7	356.7	362.9
Net earnings from continuing operations	75.3	2.0	63.7	151.3
Net earnings from discontinued operations, net of tax	27.2	47.6	99.5	19.8
Net earnings available to common stockholders[1]	$102.5	$49.6	$163.2	$171.1
Basic:				
Continuing operations	$0.38	$0.01	$0.33	$0.78
Discontinued operations	0.14	0.24	0.51	0.10
Net earnings per common share - basic	$0.52	$0.25	$0.84	$0.88
Diluted:				
Continuing operations	$0.38	$0.01	$0.32	$0.77
Discontinued operations	0.14	0.24	0.51	0.10
Net earnings per common share - diluted	$0.52	$0.25	$0.83	$0.87

(1) The sum of the quarterly per share amounts may not agree to the respective annual amounts due to rounding.

(2) For the three months ended June 30, 2017, there was a revision to net earnings from discontinued operations, net of tax, on the Consolidated Statement of Operations related to depreciation and amortization on Diversey assets held for sale. As a result, selling, general and administrative expenses decreased $6.1 million, amortization expenses of intangible assets acquired decreased $16.5 million and income tax provision from discontinued operations increased $6.2 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that our employees accumulate this information and communicate it to our management, including our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as appropriate, to allow timely decisions regarding the required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only "reasonable assurance" of achieving the desired control objectives, and management necessarily must apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under Rule 13a-15. Our management, including our Chief Executive Officer and Chief Financial Officer, supervised and participated in this evaluation. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the "reasonable assurance" level.

Changes in Internal Control over Financial Reporting

We are currently engaged in a multi-year implementation of a single integrated ERP system across the majority of our locations. We are substantially complete with the implementation as of December 31, 2017.

There have been no other changes in our internal control over financial reporting during the year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness, as of December 31, 2017, of our internal control over financial reporting. The suitable recognized control framework on which management's evaluation of our internal control over financial reporting is based is the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, known as COSO (2013). Based upon that evaluation under the COSO framework, our management concluded that our internal control over financial reporting as of December 31, 2017 was effective.

Our internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended December 31, 2017, as stated in their report included in this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2017.

Item 9B. Other Information
None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Part of the information required in response to this Item is set forth in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant," and the balance will be included in our Proxy Statement for our 2018 Annual Meeting of Stockholders under the captions "Corporate Governance," "Election of Directors — Information Concerning Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance," except as set forth below. All such information is incorporated herein by reference.

We have adopted a Code of Conduct applicable to all of our directors, officers and employees and a supplemental Code of Ethics for Senior Financial Executives applicable to our Chief Executive Officer, Chief Financial Officer, Controller, Treasurer, and all other employees performing similar functions for us. The Code of Conduct and the Code of Ethics for Senior Financial Executives are posted on our website at www.sealedair.com. We will post any amendments to the Code of Conduct and the Code of Ethics for Senior Financial Executives on our website. We will also post any waivers applicable to any of our directors or officers, including the senior financial officers listed above, from provisions of the Code of Conduct or the Code of Ethics for Senior Financial Executives on our website.

Our Board of Directors has adopted Corporate Governance Guidelines and charters for its three standing committees, the Audit Committee, the Nominating and Corporate Governance Committee, and the Organization and Compensation Committee. Copies of the Corporate Governance Guidelines and the charters are posted on our website.

Our Audit Committee comprises directors Jerry R. Whitaker, who serves as chair, Lawrence R. Codey, Patrick Duff and Henry R. Keizer. Our Board of Directors has determined that each of the four members of the Audit Committee is an audit committee financial expert in accordance with the standards of the SEC and that each is independent, as defined in the listing standards of the New York Stock Exchange applicable to us and as determined by the Board of Directors.

Item 11. Executive Compensation

The information required in response to this Item will be set forth in our Proxy Statement for our 2018 Annual Meeting of Stockholders under the captions "Director Compensation," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Board Oversight of Compensation Risks." Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required in response to this Item will be set forth in our Proxy Statement for our 2018 Annual Meeting of Stockholders under the caption "Section 16(a) Beneficial Ownership Reporting Compliance – Beneficial Ownership Table." Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required in response to this Item will be set forth in our Proxy Statement for our 2018 Annual Meeting of Stockholders under the captions "Independence of Directors" and "Certain Relationships and Related Person Transactions." Such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required in response to this Item will be included in our Proxy Statement for our 2018 Annual Meeting of Stockholders under the captions "Principal Independent Auditor Fees" and "Audit Committee Pre-Approval Policies and Procedures." Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as a part of this Annual Report on Form 10-K:

(1) Financial Statements

See Index to Consolidated Financial Statements and Schedule of this Annual Report on Form 10-K.

(2) Financial Statement Schedule

See Schedule II — Valuation and Qualifying Accounts and Reserves — Years Ended December 31, 2017, 2016 and 2015 of this Annual Report on Form 10-K. The other schedules are omitted as they are not applicable or the amounts involved are not material.

(3) Exhibits

Exhibit Number	Description
2.1	Distribution Agreement dated as of March 30, 1998 among the Company, W. R. Grace & Co. — Conn., and W. R. Grace & Co. (Exhibit 2.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.)
2.2	Purchase Agreement, dated as of March 25, 2017, by and between the Company and Diamond (BC) B.V. (Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, File No. 1-12139, in incorporated herein by reference.)
3.1	Unofficial Composite Amended and Restated Certificate of Incorporation of the Company as currently in effect. (Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
3.2	Amended and Restated By-Laws of the Company as currently in effect. (Exhibit 3.1 to the Company's Current Report on Form 8-K, Date of Report February 15, 2017, File No. 1-12139, is incorporated herein by reference.)
4.1	Indenture, dated as of March 21, 2013, by and among Sealed Air Corporation, Guarantors party thereto and U.S. Bank National Association. (Exhibit 4.1 to the Company's Current Report on Form 8-K, Date of Report March 21, 2013, File No. 1-12139, is incorporated herein by reference.)
4.2	Supplemental Indenture, dated as of March 20, 2013, by and among Sealed Air Corporation, Guarantors party thereto and U.S. Bank National Association. (Exhibit 4.3 to the Company's Current Report on Form 8-K, Date of Report March 21, 2013, File No. 1-12139, is incorporated herein by reference.)
4.3	Form of 5.25% Senior Note due 2023. (Exhibit 4.2 to the Company's Current Report on Form 8-K, Date of Report March 21, 2013, File No. 1-12139, is incorporated herein by reference.)
4.4	Indenture, dated as of November 24, 2014, by and among Sealed Air Corporation, Guarantors party thereto and Branch Banking and Trust Company. (Exhibit 4.1 to the Company's Current Report on Form 8-K, Date of Report November 24, 2014, File No. 1-12139, is incorporated herein by reference.)
4.5	First Supplemental Indenture, dated as of November 21, 2014, by and among Sealed Air Corporation, Guarantors party thereto and HSBC Bank USA, National Association. (Exhibit 4.4 to the Company's Current Report on Form 8-K, Date of Report November 24, 2014, File No. 1-12139, is incorporated herein by reference.)
4.6	Form of 4.875% Senior Note due 2022. (Exhibit 4.2 to the Company's Current Report on Form 8-K, Date of Report November 24, 2014, File No. 1-12139, is incorporated herein by reference.)
4.7	Form of 5.125% Senior Note due 2024 (Exhibit 4.3 to the Company's Current Report on Form 8-K, Date of Report November 24, 2014, File No. 1-12139, is incorporated herein by reference.)
4.8	Indenture, dated as of June 16, 2015, by and among Sealed Air Corporation, the Guarantors party thereto, U.S. Bank National Association, Elavon Financial Services Limited and Elavon Financial Services Limited, UK Branch. (Exhibit 4.1 to the Company's Current Report on Form 8-K, Date of Report June 11, 2015, File

	No. 1-12139, is incorporated herein by reference.)
4.9	Form of 5.500% Senior Note due 2025. (Exhibit 4.2 to the Company’s Current Report on Form 8-K, Date of Report June 11, 2015, File No. 1-12139, is incorporated herein by reference.)
4.10	Form of 4.500% Senior Note due 2023. (Exhibit 4.3 to the Company’s Current Report on Form 8-K, Date of Report June 11, 2015, File No. 1-12139, is incorporated herein by reference.)
4.11	Indenture, dated as of July 1, 2003, by and among Sealed Air Corporation and SunTrust Bank. (Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, File No. 1-12139, is incorporated herein by reference.)
4.12	Supplemental Indenture, dated as of November 27, 2012, by and among Sealed Air Corporation, Guarantors party thereto and U.S. National Bank Association, as successor in interest to SunTrust Bank. (Exhibit 4.3 to the Company's Current Report on Form 8-K, Date of Report November 28, 2012, File No. 1-12139, is incorporated herein by reference.)
4.13	Form of 6.875% Senior Note due 2033. (Sections 204 and 205 to the Company's Indenture, dated as of July 1, 2003, Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, File No. 1-12139, is incorporated herein by reference.)

Exhibit Number	Description
4.14	Indenture, dated as of November 28, 2012, by and among Sealed Air Corporation, Guarantors party thereto and U.S. Bank National Association. (Exhibit 4.1 to the Company's Current Report on Form 8-K, Date of Report November 28, 2012, File No. 1-12139, is incorporated herein by reference.)
4.15	Form of 6.500% Senior Note due 2020. (Exhibit 4.2 to the Company's Current Report on Form 8-K, Date of Report November 28, 2012, File No. 1-12139, is incorporated herein by reference.)
4.16	Form of 4.500% Senior Note due 2023. (Exhibit 4.3 to the Company's Current Report on Form 8-K, Date of Report June 11, 2015, File No. 1-12139, is incorporated herein by reference.)
10.1	Tax Sharing Agreement dated as of March 30, 1998 by and among the Company, W. R. Grace & Co. — Conn. and W. R. Grace & Co. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.)
10.2	Agreement in Principle, dated November 27, 2002, by and among the Official Committee of Asbestos Personal Injury Claimants, the Official Committee of Asbestos Property Damage Claimants, the Company, and the Company's subsidiary, Cryovac, Inc. (Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-12139, is incorporated herein by reference.)
10.3	Settlement Agreement and Release, dated November 10, 2003, by and among the Official Committee of Asbestos Personal Injury Claimants, the Official Committee of Asbestos Property Damage Claimants, the Company, and the Company's subsidiary, Cryovac, Inc. (Exhibit 10.1 to the Company's Amendment No. 3 to its Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.)
10.4	Sealed Air Corporation 2002 Stock Plan for Non-Employee Directors, as amended April 13, 2010. (Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.5	Sealed Air Corporation Deferred Compensation Plan for Directors. (Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.6	Amendment to the Sealed Air Corporation Deferred Compensation Plan for Directors. (Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.7	Sealed Air Corporation Executive Severance Plan, as amended and restated effective February 13, 2018. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report February 13, 2018, File No. 1-12139, is incorporated herein by reference.)*
10.8	Diversey Enhanced Severance Plan (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report July 6, 2017, File No. 1-12139, is incorporated herein by reference.)*
10.9	Form of Stock Purchase Agreement for use in connection with the Company's 2002 Stock Plan for Non-Employee Directors. (Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, File No. 1-12139, is incorporated herein by reference.)*

10.10	Fees to be paid to the Company's Non-Employee Directors — 2015. (Exhibit 10.13 to the Company's Annual Report on Form10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.11	Fees to be paid to the Company's Non-Employee Directors — 2016. (Exhibit 10.14 to the Company's Annual Report on Form10-K for the year ended December 31, 2015, File No. 1-12139, is incorporated herein by reference.)*
10.12	Fees to be paid to the Company's Non-Employee Directors — 2017. (Exhibit 10.14 to the Company's Annual Report on Form10-K for the year ended December 31, 2016, File No. 1-12139, is incorporated herein by reference.)*
10.13	Fees to be paid to the Company's Non-Employee Directors — 2018.*
10.14	2005 Contingent Stock Plan of Sealed Air Corporation, as amended and restated on July 11, 2013 (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report July 11, 2013, File No. 1-12139, is incorporated herein by reference.)*
10.15	Sealed Air Corporation Annual Incentive Plan, as amended and restated on October 4, 2017.*

Exhibit Number	Description
10.16	Performance-Based Compensation Program of the Company, as amended February 14, 2013. (Annex E to the Company's Proxy Statement for the 2013 Annual Meeting of Stockholders, File No. 1-12139, is incorporated herein by reference.)*
10.17	Sealed Air Corporation Deferred Compensation Plan for Key Employees (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report June 25, 2013, file No. 1-12139, is incorporated herein by reference.)*
10.18	Sealed Air Corporation Policy on Recoupment of Incentive Compensation from Executives in the Event of Certain Restatements, as amended February 18, 2010. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report February 18, 2010, File No. 1-12139, is incorporated herein by reference.)*
10.19	Syndicated Facility Agreement, dated as of October 3, 2011, by and among Sealed Air, certain subsidiaries of Sealed Air party thereto, the lenders party thereto, Citibank, N.A., as agent and the other agents party thereto. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
10.20	Series A Preferred Stock Purchase Agreement, dated as of October 3, 2011, by and among Diversey Holdings, Inc., Sealed Air and Solution Acquisition Corp. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report October 3, 2011, File No. 1-12139, is incorporated herein by reference.)
10.21	Offer Letter Agreement, dated September 5, 2017, between Edward L. Doheny II and the Company. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report September 2, 2017, File No. 1-12139, is incorporated herein by reference.)*
10.22	Employment Agreement, dated August 29, 2012 between Jerome A. Peribere and the Company, as supplemented on October 11, 2012. (Exhibit 10.43 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, File No. 1-12139, is incorporated herein by reference.)*
10.23	Amendment Letter between the Company and Jerome A. Peribere, dated January 15, 2016. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report January 15, 2016, File No. 1-12139, is incorporated herein by reference.)*
10.24	Equity Interest Purchase Agreement, dated as of October 30, 2012, by and between Sealed Air Corporation, Sealed Air Netherlands Holdings V B.V., and DC Co., Ltd., as amended on November 9, 2012, and further amended November 14, 2012. (Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, File No. 1-12139, is incorporated herein by reference.)
10.25	Restatement Agreement, dated November 15, 2012, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Citibank, N.A., as agent and other agents party thereto. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report November 13, 2012, File No. 1-12139, is incorporated herein by reference.)
10.26	Amended and Restated Syndicated Facility Agreement, dated November 15, 2012, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Citibank, N.A., as agent and other agents party thereto. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report November 13, 2012, File No. 1-12139, is incorporated herein by reference.)

10.27	Amendment No. 1, dated November 27, 2013, to the Amended and Restated Syndicated Facility Agreement by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Citibank, N.A., as agent, and the other parties thereto. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report November 27, 2013, File No. 1-12139, is incorporated herein by reference.)
10.28	Agreement, dated March 6, 2017, between the Company and Ilham Kadri. (Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, File No. 1-12139, is incorporated herein by reference.)*
10.29	Relocation Letter to Dr. Kadri, dated May 7, 2015. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report May 14, 2015, File No. 1-12139, is incorporated herein by reference.)*
10.30	Registration Rights Agreement, dated February 3, 2014, by and between Sealed Air Corporation and the WRG Asbestos PI Trust as initial holder of the Settlement Shares. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report February 3, 2014, File No. 1-12139, is incorporated herein by reference.)
10.31	Form of Sealed Air Corporation 2014-2016 Special PSU Outperformance Award Grant. (Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, File No. 1-12139, is incorporated herein by reference.)*

Exhibit Number	Description
10.32	Employment Agreement, dated February 25, 2013, between Ilham Kadri and the Company. (Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.33	2014 Omnibus Incentive Plan (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report May 28, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.34	Underwriting Agreement, dated June 9, 2014, by and among Sealed Air Corporation, the Trust and the Underwriter. (Exhibit 1.1 to the Company's Current Report on Form 8-K, Date of Report June 12, 2014, File No. 1-12139, is incorporated herein by reference.)
10.35	Stock Repurchase Agreement, dated June 6, 2014, by and between Sealed Air Corporation and the Trust. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report June 12, 2014, File No. 1-12139, is incorporated herein by reference.)
10.36	Second Restatement Agreement, dated as of July 25, 2014, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Bank of America, N.A., as agent and the other financial institutions party thereto. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report July 30, 2014, File No. 1-12139, is incorporated herein by reference.)
10.37	Second Amended and Restated Syndicated Facility Agreement, dated as of July 25, 2014, by and among Sealed Air Corporation and certain subsidiaries of Sealed Air Corporation party thereto, the lenders party thereto, Bank of America, N.A., as agent and the other financial institutions party thereto. (Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report July 30, 2014, File No. 1-12139, is incorporated herein by reference.)
10.38	Letter Agreement, dated as of July 25, 2014, by and among Sealed Air Corporation, certain subsidiaries of Sealed Air Corporation party thereto and Bank of America, N.A., as agent. (Exhibit 10.3 to the Company's Current Report on Form 8-K, Date of Report July 30, 2014, File No. 1-12139, is incorporated herein by reference.)
10.39	Amendment No. 2 to Credit Agreement and Assumption Agreement. (Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-12139, is incorporated herein by reference.)
10.40	Form of Notice of Grant of Restricted Stock Unit Award (Time-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 13, 2018.*
10.41	Form of Notice of Grant of Restricted Stock Unit Award (Time-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 16, 2015. (Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.42	Form of Notice of Grant of Restricted Stock Unit Award (Performance-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 13, 2018.*
10.43	

	Form of Notice of Grant of Restricted Stock Unit Award (Performance-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 16, 2015. (Exhibit 10.45 to the Company's Annual Report on Form10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.44	Form of Notice of Grant of Restricted Stock Unit Award (Stock Leverage Opportunity) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 13, 2018.*
10.45	Form of Notice of Grant of Restricted Stock Unit Award (Stock Leverage Opportunity) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 16, 2015. (Exhibit 10.46 to the Company's Annual Report on Form10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
10.46	Form of Notice of Grant of Restricted Stock Award (Time-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 13, 2018.*
10.47	Form of Notice of Grant of Restricted Stock Award (Time-Vesting) under the Sealed Air Corporation 2014 Omnibus Incentive Plan, approved February 16, 2015. (Exhibit 10.47 to the Company's Annual Report on Form10-K for the year ended December 31, 2014, File No. 1-12139, is incorporated herein by reference.)*
12.1	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Company.

Exhibit Number	Description
23.1	Consent of Ernst & Young LLP.
31.1	Certification of Edward L. Doheny, II, President and Chief Executive Officer of the Company, pursuant to Rule 13a-14(a), dated February 21, 2018.
31.2	Certification of William G. Stiehl, Acting Chief Financial Officer, Chief Accounting Officer and Controller of the Company, pursuant to Rule 13a-14(a), dated February 21, 2018.
32	Certification of Edward L. Doheny, II, President and Chief Executive Officer of the Company, and William G. Stiehl, Acting Chief Financial Officer, Chief Accounting Officer and Controller of the Company, pursuant to 18 U.S.C. § 1350, dated February 21, 2018.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

* Compensatory plan or arrangement of management required to be filed as an exhibit to this report on Form 10-K.
In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be “filed” or part of any registration statement or other document filed for purposes of Sections 11 or 12 of the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.
In lieu of filing certain instruments with respect to long-term debt of the kind described in Item 601(b)(4)(iii) of Regulation S-K, the Company agrees to furnish a copy of such instruments to the SEC upon request.

(2) Financial Statement Schedule
SEALED AIR CORPORATION AND SUBSIDIARIES
SCHEDULE II
Valuation and Qualifying Accounts and Reserves
Years Ended December 31, 2017, 2016 and 2015

Description	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions	Foreign Currency Translation and Other	Balance at End of Year
(in millions)					
Year ended December 31, 2017:					
Allowance for doubtful accounts	$ 8.4	$ 0.3	$ (2.5) (1)	$ 0.3	$ 6.5
Inventory obsolescence reserve	$ 13.4	$ 3.5	$ (2.7) (2)	$ 1.3	$ 15.5
Valuation allowance on deferred tax assets	$ 167.7	$ 3.4	$ —	$ 18.1	$ 189.2
Year ended December 31, 2016:					
Allowance for doubtful accounts	$ 10.5	$ (0.1)	$ (2.1) (1)	$ 0.1	$ 8.4
Inventory obsolescence reserve	$ 12.2	$ 3.8	$ (2.1) (2)	$ (0.5)	$ 13.4
Valuation allowance on deferred tax assets	$ 208.9	$ (37.4)	$ —	$ (3.8)	$ 167.7
Year ended December 31, 2015:					
Allowance for doubtful accounts	$ 12.8	$ 1.1	$ (2.1) (1)	$ (1.3)	$ 10.5
Inventory obsolescence reserve	$ 17.9	$ —	$ (3.8) (2)	$ (1.9)	$ 12.2
Valuation allowance on deferred tax assets	$ 164.1	$ (51.4)	$ —	$ 96.2 (3)	$ 208.9

(1) Primarily accounts receivable balances written off, net of recoveries.
(2) Primarily items removed from inventory.
(3) Includes an in-country foreign impairment not recorded for U.S. GAAP.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEALED AIR CORPORATION
(Registrant)

By: /S/ EDWARD L. DOHENY, II
Edward L. Doheny, II
President and Chief Executive Officer

Date: February 21, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
By: /S/ EDWARD L. DOHENY, II Edward L. Doheny, II	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2018
/S/ WILLIAM G. STIEHL By: William G. Stiehl	Acting Chief Financial Officer, Chief Accounting Officer and Controller (Principal Financial Officer and Controller)	February 21, 2018
/S/ MICHAEL CHU By: Michael Chu	Director	February 21, 2018
By: /S/ LAWRENCE R. CODEY Lawrence R. Codey	Director	February 21, 2018
By: /S/ PATRICK DUFF Patrick Duff	Director	February 21, 2018
By: /S/ JACQUELINE B. KOSECOFF Jacqueline B. Kosecoff	Director	February 21, 2018
By: /S/ NEIL LUSTIG Neil Lustig	Director	February 21, 2018
By: /S/ HENRY R. KEIZER Henry R. Keizer	Director	February 21, 2018
By: /S/ WILLIAM J. MARINO	Director	February 21, 2018

	William J. Marino		
By:	/S/ RICHARD L. WAMBOLD Richard L. Wambold	Director	February 21, 2018
By:	/S/ JERRY R. WHITAKER Jerry R. Whitaker	Director	February 21, 2018