

SEALED AIR CORP/DE
Form 10-K
February 28, 2014
Table of Contents

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, 2013

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)

Edgar Filing: SEALED AIR CORP/DE - Form 10-K

Delaware
(State or other jurisdiction of
incorporation or organization)
200 Riverfront Boulevard,
Elmwood Park, New Jersey
(Address of principal executive offices)
Registrant's telephone number, including area code: (201) 791-7600

65-0654331
(I.R.S. Employer
Identification Number)
07407-1033
(Zip Code)

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, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Edgar Filing: SEALED AIR CORP/DE - Form 10-K

As of the last business day of the registrant's most recently completed second fiscal quarter, June 28, 2013, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$4,549,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 196,199,006 shares of the registrant's common stock, par value \$0.10 per share, issued and outstanding as of January 31, 2014.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2014 Annual Meeting of Stockholders, to be held on May 22, 2014, are incorporated by reference into Part II and Part III of this Form 10-K.

Table of Contents

SEALED AIR CORPORATION AND SUBSIDIARIES

Table of Contents

PART I

Item 1.	<u>Business</u>	5
Item 1A.	<u>Risk Factors</u>	13
Item 1B.	<u>Unresolved Staff Comments</u>	27
Item 2.	<u>Properties</u>	27
Item 3.	<u>Legal Proceedings</u>	28
Item 4.	<u>Mine Safety Disclosures</u>	28
	<u>Executive Officers of the Registrant</u>	29

PART II

Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	31
Item 6.	<u>Selected Financial Data</u>	34
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	35
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	70
Item 8.	<u>Financial Statements and Supplementary Data</u>	73
Item 9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	148
Item 9A.	<u>Controls and Procedures</u>	148
Item 9B.	<u>Other Information</u>	148

PART III

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	149
Item 11.	<u>Executive Compensation</u>	149
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	149
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	149
Item 14.	<u>Principal Accounting Fees and Services</u>	149

PART IV

Item 15.	<u>Exhibits and Financial Statement Schedules</u>	150
	<u>Signatures</u>	157

Table of Contents

Cautionary Notice Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, costs, plans and objectives are forward-looking statements. The U.S. Securities and Exchange Commission (SEC) encourages companies to disclose forward-looking statements so that investors can better understand a company's future prospects and make informed investment decisions. Some of our statements in this report, in documents incorporated by reference into this report and in our future oral and written statements may be forward-looking. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial condition and results of operations. These forward-looking statements are based upon our current expectations concerning future events and discuss, among other things, anticipated future financial performance and future business plans. Forward-looking statements are necessarily subject to risks and uncertainties, many of which are outside our control, that could cause actual results to differ materially from these statements. Forward-looking statements can be identified by such words as anticipates, believes, plan, assumes, could, should, estimates, expects, intends, potential, seek, predict, may, will and similar expressions. Forward-looking statements include projections regarding our financial performance such as those in the Components of Change in Net Sales and Cost of Sales sections of our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in Part I, Item 7.

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, changes in our credit ratings, changes in raw material pricing and availability, changes in energy costs, competitive conditions, success of our restructuring activities, currency translation and devaluation effects, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, the effects of animal and food-related health issues, pandemics, consumer preferences, environmental matters, regulatory actions and legal matters, and the other information referenced below under Part I, Item 1A, Risk Factors. Except as required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Non-U.S. GAAP Information

In our MD&A, we present financial information in accordance with 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. Further, 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.

Our management may assess our financial results, such as gross profit, operating profit and diluted net earnings per common share (EPS), both on a U.S. GAAP basis and on an adjusted non-U.S. GAAP basis. Examples of some other supplemental financial metrics our management will also use to assess our financial performance include Earnings before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Adjusted EPS. These non-U.S. GAAP financial measures provide management with additional

Table of Contents

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 we consider unusual or special items and also exclude their related tax effects. We evaluate the 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.

Another non-U.S. GAAP financial metric we present is our core income tax provision and/or core tax rate. Our core taxes are measures of our U.S. GAAP reported effective tax rate, which is adjusted for the same items applicable to our core taxes that are excluded from our adjusted net earnings and adjusted EPS metrics. We consider our core taxes as an indicator of the taxes on our core business. The tax situation and effective tax rate of a specific country where the excluded or special items occur will determine the impact (positive or negative) on our core taxes.

In our *Net Sales by Geographic Region*, *Components of Change in Net Sales by Segment Reporting Structure* 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 directly control changes in foreign currency exchange rates. Consequently, when our management looks at net sales to measure the performance of our business, we typically exclude the impact of foreign currency translation from net sales. We also may exclude the impact of foreign currency translation when making incentive compensation determinations. As a result, our management believes that these presentations may be useful to investors.

Table of Contents

PART I

Item 1. Business

Sealed Air Corporation, a corporation organized under the laws of Delaware, is a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measureable, sustainable value to our customers, employees and investors.

Sealed Air was founded in 1960. We conduct substantially all of our business through three wholly-owned subsidiaries, Cryovac, Inc., Sealed Air Corporation (US) and Diversey, Inc. (Diversey). Throughout this Annual Report on Form 10-K, when we refer to Sealed Air, the Company, we, us or our, we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise. Please refer to Part II, Item 8, Financial Statements and Supplementary Data for financial information about the Company and its subsidiaries, which is incorporated herein by reference. Also, when we cross reference to a Note, we are referring to our Notes to Consolidated Financial Statements, unless the context indicates otherwise.

We are a leading global innovator in the applications we serve and we differentiate ourselves through our:

extensive global reach, by which we leverage our strengths across our operations in 63 countries to reach customers in over 175 countries;

approximately 25,000 employees representing industry-leading expertise in food science, hygiene and sanitation solutions, and in package design, sales, service and engineering;

leading brands, such as Cryovac® packaging technology, Diversey and TASKI® brand cleaning and hygiene solutions and our Bubble Wrap® brand cushioning, Jiffy® protective mailers, and Instapak® foam-in-place systems;

technology leadership with an emphasis on proprietary technologies;

total systems offering that includes specialty materials and formulations, equipment systems and services; and

solid cash flow generation from premium solutions to meet our customers' needs, productivity improvements, working capital management and an asset-light business model.

In 2013, our operations generated approximately 65% of our revenue from outside the United States, including approximately 26% of our revenue from developing regions. These developing regions are Africa, Asia (excluding Japan and South Korea), Central and Eastern Europe, and Latin America.

Our Business Strategies

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

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

We continue to focus on becoming a knowledge-based, market-driven company focused on helping our customers achieve their sustainability goals while delivering performance and cost competitiveness including enhancing top line growth and reducing costs; conserving energy, water and other resources; and mitigating risks. We are also focused on new value and pricing disciplines so we can share in the success we bring

them.

Table of Contents

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

As part of our ongoing business portfolio review, we are committed to identifying those customers and markets that offer us the best opportunity to deliver solutions and services that are sufficiently differentiated and valued in the marketplace. In addition, we are committed to aligning our business with key global mega-trends, including e-commerce, infection control and the global movement of food. In particular, we will leverage our strengths to enhance our position with our food and beverage customers and by doing so, we improve access to a more secure food supply chain — one that is safer and more nutritious; more efficient and less wasteful.

3. Accelerating our penetration and rate of growth in developing regions.

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

4. Focusing on cash flow generation and improved return on assets.

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

5. Optimizing our cost base and operations to maximize 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 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.

6. Developing our people.

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

Segments

Our segment reporting corresponds with management's current approach of allocating resources and assessing the performance of our segments. Our segments are aligned with groups of similar products.

In the third quarter of 2013, we renamed our global business divisions under our segment reporting structure, which did not have any impact to the reportable segment results. The following are the changes to the names of our three global business divisions:

Food Care, which was previously named Food & Beverage;

Diversey Care, which was previously named Institutional & Laundry; and

Edgar Filing: SEALED AIR CORP/DE - Form 10-K

Product Care, which was previously named Protective Packaging.
See below for information concerning our reportable segments, and also Note 5, Segments.

Table of Contents

Descriptions of the Reportable Segments and Other Category

Food Care Segment

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

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

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

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

Diversey Care Segment

The Diversey Care division represents the broad offering of Diversey-branded total integrated system solutions for facility hygiene, food safety and security, and infection control to customers worldwide. The division is focused on serving five key institutional and industrial sectors globally, which include: food service operators, hospitality establishments and building service contractors, food retail outlets, and healthcare facilities.

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

Table of Contents

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

Product Care Segment

The Product Care division provides customers a broad portfolio of Product Care systems designed for use across a range of applications and industries globally. This division provides customers with a versatile range of Product Care solutions to meet cushioning, void fill, positioning/block-and-bracing, surface protection, retail display, containment and dunnage needs. Solutions are marketed under industry-leading brands that include Bubble Wrap® and AirCap® air cellular packaging, Cryovac® performance shrink films, Shanklin® shrink packaging systems, Instapak® polyurethane foam packaging systems, Jiffy® mailers, and Korrvu® suspension and retention packaging and sustainable offers in PakNatural® Loose fill and Restore Mushroom® packaging. Solutions are sold globally and supported by a network of 30 ASTM-approved Product Care design and testing centers, and one of the industry's largest sales and service team.

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

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

Other Category

We also focus on growth by utilizing our technologies in new market segments. This category includes our medical applications and new ventures businesses and included the rigid medical packaging business, which we sold in 2013 and has been presented as discontinued operations. See Note 3, Divestitures, for further information.

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 projects. These include technologies and solutions sourced from renewable materials and equipment systems that offer an automated packaging service for high-volume fulfillment or pick-and-pack operators.

Table of Contents**Global Operations**

We operate through our subsidiaries and have a presence in the United States and the 62 other countries listed below, enabling us to distribute our products to our customers in over 175 countries.

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

In maintaining our foreign operations, we face risks inherent in these operations, such as currency fluctuations, inflation and political instability. Information on currency exchange risk appears in Part II, Item 7A of this Annual Report on Form 10-K, which information is incorporated herein by reference. Other risks attendant to our foreign operations are set forth in Part I, Item 1A Risk Factors, of this Annual Report on Form 10-K, which information is incorporated herein by reference. Information on the impact of currency exchange on our consolidated financial statements appears in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Financial information showing net sales and total long-lived assets by geographic region for each of the three years ended December 31, 2013 appears in Note 5, Segments, which information is incorporated herein by reference. We maintain programs to comply with the various laws, rules and regulations related to the protection of the environment that we may be subject to in the many countries in which we operate. See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Environmental Matters.

Employees

As of December 31, 2013, we had approximately 25,000 employees worldwide. Approximately 7,000 of these employees were in the U.S., with approximately 150 of these employees covered by collective bargaining agreements. Of the approximately 16,750 employees who were outside the U.S., approximately 9,700 were covered by collective bargaining agreements. Outside of the U.S., many of the covered employees are represented by works councils or industrial boards, as is customary in the jurisdictions in which they are employed. We believe that our employee relations are satisfactory.

Marketing, Distribution and Customers

At December 31, 2013, we employed approximately 7,300 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.

Table of Contents

To assist our marketing efforts for our Product Care products and to provide specialized customer services, we operate 30 industrial Package Design Centers (PDCs) worldwide within our facilities. These PDCs are staffed with professional packaging engineers and outfitted with drop-testing and other equipment used to develop, test and validate cost-effective package designs to meet each Product Care customer's needs.

To support our equipment systems and the marketing of our total systems solutions, we provide field technical services to our customers worldwide. These services include system installation, integration and monitoring systems, repair and upgrade, operator training in the efficient use of our systems, qualification of various consumable and system combinations, and equipment layout and design.

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

We have no material long-term contracts for the distribution of our products. In 2013, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Seasonality

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

Other factors may outweigh the effects of seasonal changes in our net earnings results including, but not limited to, changes in raw materials and other costs, foreign exchange rates, interest rates, taxes and the timing and amount of acquisition synergies and restructuring and other non-recurring charges.

Competition

Competition for most of our packaging products is based primarily on packaging performance characteristics, service and price. There are also other companies producing competing products that are well-established. Since competition is also based upon innovations in packaging technology, we maintain ongoing research and development programs to enable us to maintain technological leadership. We invest approximately double the industry average on research and development as a percentage of net sales per year as compared with our packaging peers.

There are other manufacturers of Food Care products, some of which are companies offering similar products that operate across regions and others that operate in a single region or single country. Competing manufacturers produce a wide variety of food packaging based on plastic, metals and other materials. We believe that we are one of the leading suppliers of (i) flexible food packaging materials and related systems in the principal geographic areas in which we offer those products, (ii) barrier trays for case-ready meat products in the principal geographic areas in which we offers those trays, and (iii) absorbent pads for food products to supermarkets and to meat and poultry processors in the United States.

Table of Contents

Our Food Care hygiene solutions and Diversey Care solutions face a wide spectrum of competitors across each product category. Competition is both global and regional in scope and includes numerous small, local competitors with limited product portfolios and geographic reach. We compete globally on premium product offerings and application expertise, innovative product and dispensing equipment offerings, value-added solution delivery, and strong customer service and support. We differentiate our offerings from competitors by becoming the preferred partner to our customers, and by providing innovative, industry-leading products to make their facilities safer and healthier for both maintenance staff and building occupants. We believe our integrated solutions approach, which includes the supply of machines, tools, chemicals, processes and training to customers to drive productivity improvements, reduce risk of food safety events and improve infection control to reduce healthcare acquired infections, is a unique competitive strength. Additionally, the quality, ease of use and environmental profile of our products are unique and have helped support long-standing, profitable relationships with many top customers.

Our Product Care products compete with similar products made by other manufacturers and with a number of other packaging materials that customers use to provide protection against damage to their products during shipment and storage. Among the competitive materials are various forms of paper packaging products, expanded plastics, corrugated die cuts, strapping, envelopes, reinforced bags, boxes and other containers, and various corrugated materials, as well as various types of molded foam plastics, fabricated foam plastics, mechanical shock mounts, and wood blocking and bracing systems. We believe that we are one of the leading suppliers of air cellular cushioning materials containing a barrier layer, inflatable packaging, suspension and retention packaging, shrink films for industrial and commercial applications, protective mailers, polyethylene foam and polyurethane foam packaging systems in the principal geographic areas in which we sell these products.

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

Raw Materials and Sourcing

Suppliers provide raw materials, packaging components, equipment, accessories and contract manufactured goods. Our principal raw materials are polyolefin and other petrochemical-based resins and films, caustic soda, solvents, waxes, phosphates, surfactants, chelates, fragrances and paper and wood pulp products. These raw materials represent approximately 40% of our consolidated cost of sales. We also purchase corrugated materials, cores for rolls of products such as films and Bubble Wrap[®] brand cushioning, inks for printed materials, bag-in-the-box containers, bottles, drums, pails, totes, aerosol cans, caps, triggers, valves, and blowing agents used in the expansion of foam packaging products. In addition, we offer a wide variety of specialized packaging equipment, some of which we manufacture or have manufactured to our specifications, some of which we assemble and some of which we purchase from suppliers. Equipment and accessories include industrial and food packaging equipment, dilution-control warewashing and laundry equipment, floor care machines and items used in the maintenance of a facility such as air care dispensers, floor care applicators, microfiber mops and cloths, buckets, carts and other cleaning tools and utensils.

The vast majority of the raw materials required for the manufacture of our products and all components related to our equipment and accessories generally have been readily available on the open market, in most cases are available from several suppliers and are available in amounts sufficient to meet our manufacturing requirements. However, we have some sole-source suppliers, and the lack of availability of supplies could have a material negative impact on our consolidated financial condition or results of operations. Natural disasters such as hurricanes, as well as political instability and terrorist activities, may negatively impact the production or delivery capabilities of refineries and natural gas and petrochemical suppliers and suppliers of other raw materials. Due to by-product/co-product chemical relationships to the automotive and housing markets, several materials may become difficult to source. These factors could lead to increased prices for our raw materials, curtailment of supplies and allocation of raw materials by our suppliers. We source some materials used in our

Table of Contents

packaging products from materials recycled in our manufacturing operations or obtained through participation in recycling programs. Although we purchase some raw materials under long-term supply arrangements with third parties, these arrangements follow market forces and are in line with our overall global sourcing strategy, which seeks to balance the cost of acquisition and availability of supply.

We have a centralized supply chain organization, which includes centralized management of procurement and logistic activities. Our objective is to leverage our global scale to achieve sourcing efficiencies and reduce our total delivered cost across all our regions. We do this while adhering to strategic performance metrics and stringent sourcing practices.

Research and Development Activities

We maintain a continuing effort to develop new products and improve our existing products and processes, including developing new packaging, non-packaging and chemical equipment and applications using our intellectual property. From time to time, we also acquire and commercialize new packaging and other products or techniques developed by others. Our research and development projects rely on our technical capabilities in the areas of food science, materials science, chemistry, package design and equipment engineering. Our research and development expense was \$133 million in 2013, \$135 million in 2012 and \$105 million in 2011.

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

two food science laboratories located in the U.S. and Italy;

six research and development laboratories focused on the development of cleaning and sanitation formulations, which are located in the U.S., Germany, the Netherlands, Switzerland, India and Brazil; and

eight equipment design centers in the U.S., Germany, Switzerland and Italy that focus on equipment and parts design and innovation to support the development of comprehensive systems solutions.

Patents and Trademarks

We are the owner or licensee of an aggregate of over 4,900 United States and foreign patents and patent applications, as well as an aggregate of over 10,300 United States and foreign trademark registrations and trademark applications that relate to many of our products, manufacturing processes and equipment. We believe that our patents and trademarks collectively provide a competitive advantage. We file annually an average of 320 United States and foreign patent applications and 480 United States and foreign trademark applications. None of our reportable segments is dependent upon any single patent or trademark alone. Rather, we believe that our success depends primarily on our sales and service, marketing, engineering and manufacturing skills and on our ongoing research and development efforts. We believe that the expiration or unenforceability of any of our patents, applications, licenses or trademark registrations would not be material to our business or consolidated financial condition.

Environmental, Health and Safety Matters

As a manufacturer, we are subject to various laws, rules and regulations in the countries, jurisdictions and localities in which we operate. These cover: the safe storage and use of raw materials and production chemicals; the release of materials into the environment; standards for the treatment, storage and disposal of solid and hazardous wastes; or otherwise relate to the protection of the environment. We review environmental, health and safety laws and regulations pertaining to our operations and believe that compliance with current environmental and workplace health and safety laws and regulations has not had a material effect on our capital expenditures or consolidated financial condition.

Table of Contents

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. In addition, customer demand continues to evolve for packaging materials that incorporate renewable materials or that are otherwise viewed as being environmentally sound. Our new venture activities, described above, include the development of packaging products from renewable resources. We maintain programs designed to comply with these laws and regulations, to monitor their evolution, and to meet this customer demand. One advantage inherent in many of our products is that thin, lightweight packaging solutions reduce waste and transportation costs in comparison to available alternatives. We continue to evaluate and implement new technologies in this area as they become available.

Various federal, state, local and foreign laws and regulations regulate some of our products and require us to register certain products and comply with specified requirements. In the United States, we must register our sanitizing and disinfecting products with the U.S. Environmental Protection Agency (EPA). We are also subject to various federal, state, local and foreign laws and regulations that regulate products manufactured and sold by us for controlling microbial growth on humans, animals and processed foods. In the United States, these requirements are generally administered by the U.S. Food and Drug Administration (FDA). To date, the cost of complying with product registration requirements and FDA compliance has not had a material adverse effect on our business, financial condition, results of operations or cash flows.

We also support our customers' interests in eliminating waste by offering or participating in collection programs for some of our products or product packaging and for materials used in some of our products. When possible, materials collected through these programs are reprocessed and either reused in our Product Care operations or offered to other manufacturers for use in other products. In addition, gains that we have made in internal recycling programs have allowed us to improve our net raw material yield, thus mitigating the impact of resin costs, while lowering solid waste disposal costs and controlling environmental liability risks associated with waste disposal.

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

Available Information

Our Internet address is www.sealedair.com. We make available, free of charge, on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports that we file or furnish pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, as soon as reasonably practicable after we electronically file these materials with, or furnish them to, the Securities and Exchange Commission.

Item 1A. Risk Factors

Introduction

The risks described below should be carefully considered before making an investment decision. These are the most significant risk factors, but they are not the only risk factors that should be considered in making an investment decision. This Form 10-K also contains and may incorporate by reference forward-looking statements that involve risks and uncertainties. See the Cautionary Notice Regarding Forward-Looking Statements, in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this Form 10-K. Our business, consolidated financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and investors in our securities may lose all or part of their investment.

Table of Contents

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 63 countries, and our products are distributed in those countries as well as in other parts of the world. A large portion of our manufacturing operations are located outside of the United States and a majority of our net sales are generated outside of the United States. Operations outside of the United States, particularly operations in developing regions, are subject to various risks that may not be present or as significant for our U.S. operations. Economic uncertainty in some of the geographic regions in which we operate, including developing regions, could result in the disruption of commerce and negatively impact cash flows from our operations in those areas.

Risks inherent in our international operations include:

foreign currency exchange controls and tax rates;

foreign currency exchange rate fluctuations, including devaluations;

the potential for changes in regional and local economic conditions, including local inflationary pressures;

restrictive governmental actions such as those on transfer or repatriation of funds and trade protection matters, including antidumping duties, tariffs, embargoes and prohibitions or restrictions on acquisitions or joint ventures;

changes in laws and regulations, including the laws and policies of the United States 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;

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.

Table of Contents

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.

Although the Settlement agreement (as defined in Note 18, "Commitments and Contingencies") has been implemented and we have been released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace (as defined below), if the courts were to refuse to enforce the injunctions or releases contained in the Plan (as defined below) and the Settlement agreement with respect to any claims and if Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and results of operations. We are also a defendant in a number of asbestos-related actions in Canada arising from Grace's activities in Canada prior to the 1998 transaction.

On March 31, 1998, Sealed Air completed a multi-step transaction (the Cryovac transaction) involving W.R. Grace & Co. (Grace) which brought the Cryovac packaging business and the former Sealed Air's business under the common ownership of the Company. As part of that transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction (including asbestos-related liabilities), other than liabilities relating to Cryovac's operations, and agreed to indemnify the Company with respect to such retained liabilities. Since the beginning of 2000, we have been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, we are responsible for alleged asbestos liabilities of Grace and its subsidiaries. While they vary, these suits all appear to allege that the transfer of the Cryovac business was a fraudulent transfer or gave rise to successor liability. On April 2, 2001, Grace and a number of its subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). In connection with Grace's Chapter 11 case, the Bankruptcy Court issued orders dated May 3, 2001 and January 22, 2002, staying all asbestos actions against the Company (the Preliminary Injunction). However, the official committees appointed to represent asbestos claimants in Grace's Chapter 11 case (the Committees) received the court's permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc. based upon the Cryovac transaction. This proceeding was brought in the U.S. District Court for the District of Delaware (the District Court) (Adv. No. 02-02210).

On November 27, 2002, we reached an agreement in principle with the Committees to resolve all current and future asbestos-related claims made against us and our affiliates in connection with the Cryovac transaction. The Settlement agreement provided for the resolution of the fraudulent transfer claims and successor liability claims, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies in connection with the Cryovac transaction. The parties to the agreement in principle signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On June 27, 2005, the Bankruptcy Court signed an order approving the Settlement agreement. Although Grace is not a party to the Settlement agreement, under the terms of the order, Grace is directed to comply with the Settlement agreement subject to limited exceptions.

On September 19, 2008, Grace, the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants Representative, and the Official Committee of Equity Security Holders filed, as co-proponents, a plan of reorganization (as filed and amended from time to time, the Plan) and several exhibits and associated documents, including a disclosure statement, with the Bankruptcy Court. The Plan provides for the establishment of two asbestos trusts under Section 524(g) of the United States Bankruptcy Code to which present and future asbestos-related personal injury and property damage claims are channeled. The Plan incorporates the Settlement agreement, including our payment of amounts contemplated by the Settlement agreement and the releases and injunctions contemplated by the Settlement agreement.

Table of Contents

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. Thereafter, on February 19, 2014, Grace filed a motion with the Bankruptcy Court indicating that the Preliminary Injunction had been replaced by the Plan injunctions as of the Effective Date and seeking to dismiss with prejudice the proceedings in which the Preliminary Injunction was issued. The Plan further provides for the channeling of existing and future asbestos claims to the PI Trust or the PD Trust, as applicable. In addition, under the Plan and the Settlement agreement, Grace is required to indemnify us with respect to asbestos and certain other liabilities. Notwithstanding the foregoing, and although we believe the possibility to be remote, if any courts were to refuse to enforce the injunctions or releases contained in the Plan and the Settlement agreement with respect to any claims, and if, in addition, Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and results of operations.

Since November 2004, the Company and specified subsidiaries have been named as defendants in a number of cases, including a number of putative class actions, brought in Canada as a result of Grace's alleged marketing, manufacturing or distributing of asbestos or asbestos containing products in Canada prior to the Cryovac transaction in 1998. Grace has agreed to defend and indemnify us and our subsidiaries in these cases. A global settlement of these Canadian claims to be funded by Grace has been approved by the Canadian court, and the Plan provides for payment of these claims. We do not have any positive obligations under the Canadian settlement, but we are a beneficiary of the release of claims. The release in favor of the Grace parties (including us) became operative upon the effective date of a plan of reorganization in Grace's United States Chapter 11 bankruptcy proceeding. As filed, the Plan contemplates that the claims released under the Canadian settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. As indicated above, the Bankruptcy Court entered the Bankruptcy Court Confirmation Order on January 31, 2011 and the Clarifying Order on February 15, 2011 and the District Court entered the Original District Court Confirmation Order on January 30, 2012 and the Amended District Court Confirmation Order on June 11, 2012. The Canadian Court issued an Order on April 8, 2011 recognizing and giving full effect to the Bankruptcy Court's Confirmation Order in all provinces and territories of Canada in accordance with the Bankruptcy Court Confirmation Order's terms. As described above, the Plan became effective on February 3, 2014. In accordance with an order of the Canadian court, on the Effective Date the actions became permanently stayed until they are amended to remove the Grace parties as named defendants. Two actions were dismissed by the Manitoba court as against the Grace parties on February 19, 2014 and it is anticipated that the remaining actions will now also be dismissed. Notwithstanding the foregoing, and although we believe the possibility to be remote, if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify us and our subsidiaries in these cases, then we could be required to pay substantial damages, which we cannot estimate at this time and which could have a material adverse effect on our consolidated financial condition or results of operations. For further information concerning these matters, see Note 18, Commitments and Contingencies.

As a result of the recent funding of the Settlement agreement, a large portion of our common stock was transferred to the PI Trust. Future sales of our common stock by the PI Trust could adversely affect the trading price of our common stock.

As of February 3, 2014, the PI Trust owned approximately 8.4% of our outstanding common stock as a result of the transfer of 18 million shares of our common stock pursuant to the Settlement agreement. In connection with the Settlement agreement, we entered into a registration rights agreement with the PI Trust with respect to these

Table of Contents

shares. The registration rights agreement, which includes customary piggyback and shelf registration provisions, requires us to file a registration statement for the resale of the shares of our common stock transferred to the PI Trust and to cooperate in certain underwritten offerings. Sales by the PI Trust of a substantial number of shares of our common stock in the public market pursuant to registration rights or otherwise, or the perception that these sales might occur, could cause the market price of our common stock to decline.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

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

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect 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.

Table of Contents

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 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 noteholders 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

Table of Contents

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, 2013, we had \$1.393 billion of borrowings under our senior secured credit facilities at variable interest rates. A 1/8% increase or decrease in the assumed interest rates on the senior secured credit facilities would result in a \$0.9 million increase or a \$0.9 million decrease in annual interest expense. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Raw material pricing, availability and allocation by suppliers as well as energy-related costs may negatively impact our results of operations, including our profit margins.

We use petrochemical-based raw materials to manufacture many of our products. The prices for these raw materials are cyclical, and increases in market demand or fluctuations in the global trade for petrochemical-based raw materials and energy could increase our costs. In addition, the prices of many of the other key raw materials used in our businesses, such as caustic soda, solvents, waxes, phosphates, surfactants, polymers and resins, chelates and fragrances, are cyclical based on numerous supply and demand factors that are beyond our control. If we are unable to minimize the effects of increased raw material costs through sourcing, pricing or other actions, our business, consolidated financial condition or results of operations may be materially adversely affected. We also have some sole-source suppliers, and the lack of availability of supplies could have a material adverse effect on our consolidated financial condition or results of operations.

Natural disasters such as hurricanes, as well as political instability and terrorist activities, may negatively impact the production or delivery capabilities of refineries and natural gas and petrochemical suppliers and suppliers of other raw materials in the future. These factors could lead to increased prices for our raw materials, curtailment of supplies and allocation of raw materials by our suppliers, which could reduce revenues and profit margins and harm relations with our customers and which could have a material adverse effect on our consolidated financial condition or results of operations.

The full realization of our deferred tax assets, including primarily those related to the Settlement agreement, may be affected by a number of factors, including our earnings in the U.S.

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

Our largest deferred tax asset relates to our Settlement agreement. The value of this net asset, which was \$373 million at December 31, 2013, reflects our anticipated tax benefit from the cash portion of the Settlement agreement and related accrued interest and the value of 18 million shares of our common stock at a post-split price of \$17.86 per share, which was the price when the Settlement agreement was reached in 2002. We intend to carry back a significant portion of the loss resulting from our deduction under the Settlement agreement. The efficiency of any amount carried back and the benefit there from, as well as the benefit from the amount carried forward, may depend upon, among other factors, our past and anticipated future earnings in the U.S. These factors, including any reduction in our anticipated U.S. earnings, could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods

Table of Contents

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.

The effects of animal and food-related health issues such as bovine spongiform encephalopathy, also known as mad cow disease, foot-and-mouth disease and 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 mad cow disease have been confirmed and incidents of bird-flu have surfaced in various countries. Outbreaks of animal diseases may lead governments to restrict exports and imports of potentially affected animals and food products, leading to decreased demand for our products and possibly also to the culling or slaughter of significant numbers of the animal population otherwise intended for food supply. Also, consumers may change their eating habits as a result of perceived problems with certain types of food. These factors may lead to reduced sales of food packaging products, which could have a material adverse effect on our consolidated financial condition or results of operations.

Demand for our products could be adversely affected by changes in consumer preferences.

Our sales depend heavily on the volumes of sales by our customers in the food processing and food service industries. Consumer preferences for food and packaging formats of prepackaged food can influence our sales, as can consumer preferences for fresh and unpackaged foods. Changes in consumer behavior, including changes in consumer preferences driven by various health-related concerns and perceptions, could negatively impact demand for our products.

The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.

Customers in the food service, food and beverage processing, building care, lodging, industrial distribution and healthcare sectors have been consolidating in recent years, and we believe this trend may continue. Such consolidation could have an adverse impact on the pricing of our products and services and our ability to retain customers, which could in turn adversely affect our business, consolidated financial condition or results of operations.

We experience competition in the markets for our products and services and in the geographic areas in which we operate.

Our packaging products compete with similar products made by other manufacturers and with a number of other types of materials or products. We compete on the basis of performance characteristics of our products, as well as service, price and innovations in technology. A number of competing domestic and foreign companies are well-established.

The market for our hygiene products is highly competitive. Our hygiene products businesses face significant competition from global, national, regional and local companies within some or all of our product lines in each sector that we serve. Barriers to entry and expansion in the institutional and industrial cleaning, sanitation and hygiene industry are low.

Our inability to maintain a competitive advantage could result in lower prices or lower sales volumes for our products. Additionally, we may not successfully implement our pricing actions. These factors may have an adverse impact on our consolidated financial condition or results of operations.

Table of Contents

Concerns about greenhouse gas (GHG) emissions and climate change and the resulting governmental and market responses to these issues could increase costs that we incur and could otherwise affect our consolidated financial condition or results of operations.

Numerous legislative and regulatory initiatives have been enacted and proposed in response to concerns about GHG emissions and climate change. We are a manufacturing entity that utilizes petrochemical-based raw materials to produce many of our products, including plastic packaging materials. Increased environmental legislation or regulation could result in higher costs for us in the form of higher raw materials and freight and energy costs. We could also incur additional compliance costs for monitoring and reporting emissions and for maintaining permits. It is also possible that certain materials might cease to be permitted to be used in our processes.

Disruption and volatility of the financial and credit markets could affect our external liquidity sources.

Our principal sources of liquidity are accumulated cash and cash equivalents, short-term investments, cash flow from operations and amounts available under our lines of credit, including our senior secured credit facilities and our accounts receivable securitization programs. We may be unable to refinance any of our indebtedness, including our senior notes, our accounts receivable securitization programs and our senior secured credit facilities, on commercially reasonable terms or at all.

Additionally, conditions in financial markets could affect financial institutions with which we have relationships and could result in adverse effects on our ability to utilize fully our committed borrowing facilities. For example, a lender under the senior secured credit facilities may be unwilling or unable to fund a borrowing request, and we may not be able to replace such lender.

Strengthening of the U.S. dollar and other foreign currency exchange rate fluctuations could materially impact our consolidated financial condition or results of operations.

Approximately 65% of our net sales in 2013 were generated outside the United States. We translate sales and other results denominated in foreign currency into U.S. dollars for our consolidated financial statements. During periods of a strengthening U.S. dollar, our reported international sales and net earnings could be reduced because foreign currencies may translate into fewer U.S. dollars.

Also, while we often produce in the same geographic markets as our products are sold, expenses are more concentrated in the U.S. than sales, so that in a time of strengthening of the U.S. dollar, our profit margins could be reduced. While we use financial instruments to hedge certain foreign currency exposures, this does not insulate us completely from foreign currency effects and exposes us to counterparty credit risk for non-performance. See Note 13, Derivatives and Hedging Activities.

We have recognized foreign exchange gains and losses related to the currency devaluations in Venezuela and its designation as a highly inflationary economy under U.S. GAAP. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk Foreign Exchange Rates Venezuela.

In all jurisdictions in which we operate, we are also subject to laws and regulations that govern foreign investment, foreign trade and currency exchange transactions. These laws and regulations may limit our ability to repatriate cash as dividends or otherwise to the U.S. and may limit our ability to convert foreign currency cash flows into U.S. dollars.

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

Increased legislative and regulatory activity and burdens, and a more stringent manner in which they are applied (particularly in the United States), could significantly impact our business and the economy as a whole. For

Table of Contents

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 United States; 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 2013, 2012 or 2011; however, we are continuing to assess the impact of the ACA on our healthcare benefit costs. The regulatory environment is still developing, and the potential exists for future legislation and regulations to be adopted. These developments, as well as the increasingly strict regulatory environment, may also adversely affect the customers to which, and the markets into which, we sell our products, and increase our costs and otherwise negatively affect our business, consolidated financial condition or results of operations, including in ways that cannot yet be foreseen.

Our annual effective income tax rate can change materially as a result of changes in our mix of U.S. and foreign earnings and other factors, including changes in tax laws and changes made by regulatory authorities.

Our overall effective income tax rate is equal to our total tax expense as a percentage of total earnings before tax. However, income tax expense and benefits are not recognized on a global basis but rather on a jurisdictional or legal entity basis. Losses in one jurisdiction may not be used to offset profits in other jurisdictions and may cause an increase in our tax rate. Income tax provision changes in statutory tax rates and laws, as well as ongoing audits by domestic and international authorities, could affect the amount of income taxes and other taxes paid by us. For example, legislative proposals to change U.S. taxation of non-U.S. earnings could increase our effective tax rate. Also, changes in the mix of earnings (or losses) between jurisdictions and assumptions used in the calculation of income taxes, among other factors, could have a significant effect on our overall effective income tax rate. In addition, our effective tax rate would increase if we were unable to generate sufficient future taxable income in certain jurisdictions, or if we were otherwise required to increase our valuation allowances against our deferred tax assets.

We are subject to taxation in multiple jurisdictions. As a result, any adverse development in the tax laws of any of these jurisdictions or any disagreement with our tax positions could have a material adverse effect on our business, consolidated financial condition or results of operations.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to transfer pricing laws with respect to our intercompany transactions, including those relating to the flow of funds among our companies. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation thereof, in any applicable jurisdiction, could have a material adverse effect on our business, consolidated financial condition or results of our operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. If any applicable tax authorities, including U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could have a material adverse effect on our business, consolidated financial condition or results of our operations.

Our performance and prospects for future growth could be adversely affected if new products do not meet sales or margin expectations.

Our competitive advantage is due in part to our ability to develop and introduce new products in a timely manner at favorable margins. The development and introduction cycle of new products can be lengthy and involve high levels of investment. New products may not meet sales or margin expectations due to many factors, including our inability to (i) accurately predict demand, end-user preferences and evolving industry standards; (ii) resolve technical and technological challenges in a timely and cost-effective manner; or (iii) achieve manufacturing efficiencies.

Table of Contents

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 seek opportunities to enhance our enterprise reporting systems (ERPs) and are currently in the process of implementing upgrades and new ERPs. As a result of these implementations, we may experience disruptions in fulfilling and invoicing customer orders, applying cash receipts, and placing purchase orders with suppliers, making cash disbursements, and, data processing and electronic communications among business locations, which may have a material adverse effect on our business, consolidated financial condition or results of operations.

We also depend on telecommunication systems for communications between company personnel and our customers and suppliers. Future system disruptions, security breaches or shutdowns could significantly disrupt our operations or result in lost or misappropriated information and may have a material adverse effect on our business, consolidated financial condition or results of operations.

We recorded a significant amount of additional goodwill and other identifiable intangible assets as a result of the acquisition of Diversey, and we may never realize the full carrying value of these assets.

As a result of the acquisition of Diversey, we recorded a significant amount of additional goodwill and other identifiable intangible assets, including customer relationships, trademarks and developed technologies.

We test goodwill and intangible assets with indefinite useful lives for possible impairment annually during the fourth quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the asset might be impaired. Amortizable intangible assets are periodically reviewed for possible impairment whenever there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment may result from, among other things, (i) a decrease in our expected net earnings; (ii) adverse equity market conditions; (iii) a decline in current market multiples; (iv) a decline in our common stock price; (v) a significant adverse change in legal factors or business climates; (vi) an adverse action or assessment by a regulator; (vii) heightened competition; (viii) strategic decisions made in response to economic or competitive conditions; or (ix) a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of. In the event that we determine that events or circumstances exist that indicate that the carrying value of goodwill or identifiable intangible assets may no longer be recoverable, we might have to recognize a non-cash impairment of goodwill or other identifiable intangible assets, which could have a material adverse effect on our consolidated financial condition or results of operations.

We recorded impairment charges related to goodwill and other intangible assets in 2012. See Note 8, Goodwill and Identifiable Intangible Assets, for further discussion.

Product liability claims or regulatory actions could adversely affect our financial results or harm our reputation or the value of our brands.

Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. In addition to the risk of substantial monetary judgments, product liability claims or regulatory actions

Table of Contents

could result in negative publicity that could harm our reputation in the marketplace or adversely impact the value of our brands or our ability to sell our products in certain jurisdictions. We could also be required to recall possibly defective products, or voluntarily do so, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, potential product liability claims could be excluded or exceed coverage limits under the terms of our insurance policies or could result in increased costs for such coverage.

The relationship with S.C. Johnson & Son, Inc. (SCJ) is important to our Diversey Care segment, and any damage to this relationship could have a material adverse effect on this segment.

Diversey is party to various agreements with SCJ, including a brand license agreement (the BLA), a technology disclosure and license agreement, and supply and manufacturing agreements. Under the BLA, Diversey is granted a license in specified territories to sell certain SCJ products and use specified trade names owned by SCJ in the institutional and industrial channels of trade and, subject to certain limitations, in specified channels of trade in which both our Diversey Care segment and SCJ's consumer business operate. SCJ and its affiliates supply products under the BLA. Sales of these products have historically been significant to our Diversey Care segment. The BLA purports to limit Diversey's right to market products with non-SCJ brands that SCJ has not approved in certain channels of trade in specified countries. If we default under our agreements with SCJ and the agreements are terminated, SCJ fails to perform its obligations under these agreements, or our relationship with SCJ is otherwise damaged or severed, this could have a material adverse effect on our Diversey Care segment, consolidated financial condition or results of operations.

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

In connection with Diversey's acquisition of the DiverseyLever business from Unilever in 2002, Diversey entered into various agreements with Unilever, including a license agreement and agency agreement. Pursuant to the license agreement, Unilever granted 31 Diversey subsidiaries a license to produce and sell professional size packs of Unilever's consumer brand cleaning products. In four countries (the United Kingdom, Ireland, Portugal and Brazil), the Diversey subsidiaries operate under an agency agreement with Unilever. In addition, Diversey also holds licenses to use some trademarks and technology of Unilever in the market for institutional and industrial cleaning, sanitation and hygiene products and related services. We believe that these agreements are significant to our Diversey Care segment. If we default under our agreements with Unilever and the agreements are terminated, Unilever fails to perform its obligations under these agreements, or our relationship with Unilever is otherwise damaged or severed, this could have a material adverse effect on our Diversey Care segment, consolidated financial condition or results of operations.

If we are unable to retain key employees and other personnel, our consolidated financial condition or results of operations may be adversely affected.

Our success depends largely on the efforts and abilities of our management team and other key personnel. Their experience and industry contacts significantly benefit us, and we need their expertise to execute our business strategies. If any of our senior management or other key personnel cease to work for us and we are unable to successfully replace any departing senior management or key personnel, our business, consolidated financial condition or results of operations may be materially adversely affected.

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

In Europe and Latin America, most of our employees are represented by either labor unions or workers councils and are covered by collective bargaining agreements that are generally renewable on an annual basis. As is the case with any negotiation, we may not be able to negotiate acceptable new collective bargaining agreements, which could result in strikes or work stoppages by affected workers. Renewal of collective bargaining agreements could also result in higher wages or benefits paid to union members. A disruption in operations or higher ongoing labor costs could materially affect our business.

Table of Contents

We are subject to a variety of environmental and product registration laws that expose us to potential financial liability and increased operating costs.

Our operations are subject to a number of federal, state, local and foreign environmental, health and safety laws and regulations that govern, among other things, the manufacture of our products, the discharge of pollutants into the air, soil and water and the use, handling, transportation, storage and disposal of hazardous materials.

Many jurisdictions require us to have operating permits for our production and warehouse facilities and operations. Any failure to obtain, maintain or comply with the terms of these permits could result in fines or penalties, revocation or nonrenewal of our permits, or orders to cease certain operations, and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We generate, use and dispose of hazardous materials in our manufacturing processes. In the event our operations result in the release of hazardous materials into the environment, we may become responsible for the costs associated with the investigation and remediation of sites at which we have released pollutants, or sites where we have disposed or arranged for the disposal of hazardous wastes, even if we fully complied with environmental laws at the time of disposal. We have been, and may continue to be, responsible for the cost of remediation at some locations.

Some jurisdictions have laws and regulations that govern the registration and labeling of some of our products. We expect significant future environmental compliance obligations in our European operations as a result of a European Union (EU) Directive Registration, Evaluation, Authorization, and Restriction of Chemicals (EU Directive No. 2006/1907) enacted on December 18, 2006. The directive imposes several requirements related to the identification and management of risks related to chemical substances manufactured or marketed in Europe. The EU has also recently enacted a Classification, Packaging and Labeling regulation. Other jurisdictions may impose similar requirements.

We cannot predict with reasonable certainty the future cost to us of environmental compliance, product registration, or environmental remediation. Environmental laws have become more stringent and complex over time. Our environmental costs and operating expenses will be subject to evolving regulatory requirements and will depend on the scope and timing of the effectiveness of requirements in these various jurisdictions. As a result of such requirements, we may be subject to an increased regulatory burden, and we expect significant future environmental compliance obligations in our operations. Increased compliance costs, increasing risks and penalties associated with violations, or our inability to market some of our products in certain jurisdictions may have a material adverse effect on our business, consolidated financial condition or results of operations.

The legacy Diversey business had tendered various environmental indemnification claims to Unilever pursuant to the Unilever Acquisition Agreement (as defined below).

Under a previous acquisition agreement between the legacy Diversey business and Unilever (the Unilever Acquisition Agreement), Unilever made warranties to Diversey with respect to the facilities formerly owned by Unilever. In addition, Unilever agreed to indemnify Diversey for specified types of environmental liabilities if the aggregate amount of damages meets various dollar thresholds, subject to a cap of \$250 million in the aggregate. Diversey was required to notify Unilever of any environmental indemnification claims by May 3, 2008. Any environmental claims pending after this date, with respect to which Diversey has notified Unilever, remain subject to indemnification until remediation is completed in accordance with the Unilever Acquisition Agreement.

Diversey has previously tendered various environmental indemnification claims to Unilever in connection with former Unilever locations. Unilever has not indicated its agreement with Diversey's request for indemnification. We may file additional requests for reimbursement in the future in connection with pending indemnification claims. However, there can be no assurance that we will be able to recover any amounts relating to these indemnification claims from Unilever.

Table of Contents

Our insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.

Our business is subject to operating hazards and risks relating to handling, storing, transporting and use of the products we sell. We maintain insurance policies in amounts and with coverage and deductibles that we believe are reasonable and prudent. Nevertheless, our insurance coverage may not be adequate to protect us from all liabilities and expenses that may arise from claims for personal injury or death or property damage arising in the ordinary course of business, and our current levels of insurance may not be maintained or available in the future at economical prices. If a significant liability claim is brought against us that is not adequately covered by insurance, we may have to pay the claim with our own funds, which could have a material adverse effect on our business, consolidated financial condition or results of operations.

If we are not able to protect our trade secrets or maintain our trademarks, patents and other intellectual property, we may not be able to prevent competitors from developing similar products or from marketing their products in a manner that capitalizes on our trademarks, and this loss of a competitive advantage could decrease our profitability and liquidity.

Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our owned and licensed intellectual property. If we were unable to maintain the proprietary nature of our intellectual property and our significant current or proposed products, this loss of a competitive advantage could result in decreased sales or increased operating costs, either of which could have a material adverse effect on our business, consolidated financial condition or results of operations.

We rely on trade secrets to maintain our competitive position, including protecting the formulation and manufacturing techniques of many of our products. As such, we have not sought U.S. or international patent protection for some of our principal product formulas and manufacturing processes. Accordingly, we may not be able to prevent others from developing products that are similar to or competitive with our products.

We own a large number of patents and pending patent applications on our products, aspects thereof, methods of use and/or methods of manufacturing. There is a risk that our patents may not provide meaningful protection and patents may never be issued for our pending patent applications.

We own, or have licenses to use, all of the material trademark and trade name rights used in connection with the packaging, marketing and distribution of our major products both in the United States and in other countries where our products are principally sold. Trademark and trade name protection is important to our business. Although most of our trademarks are registered in the United States and in the foreign countries in which we operate, we may not be successful in asserting trademark or trade name protection. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the U.S. The costs required to protect our trademarks and trade names may be substantial.

We cannot be certain that we will be able to assert these intellectual property rights successfully in the future or that they will not be invalidated, circumvented or challenged. Other parties may infringe on our intellectual property rights and may thereby dilute the value of our intellectual property in the marketplace. Third parties, including competitors, may assert intellectual property infringement or invalidity claims against us that could be upheld. Intellectual property litigation, which could result in substantial cost to and diversion of effort by us, may be necessary to protect our trade secrets or proprietary technology or for us to defend against claimed infringement of the rights of others and to determine the scope and validity of others' proprietary rights. We may not prevail in any such litigation, and if we are unsuccessful, we may not be able to obtain any necessary licenses on reasonable terms or at all.

Any failure by us to protect our trademarks and other intellectual property rights may have a material adverse effect on our business, consolidated financial condition or results of operations.

Table of Contents

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We manufacture products in 122 facilities, with 35 of those facilities serving more than one of our business segments and our Other Category of products. The geographic dispersion of our manufacturing facilities is as follows:

Geographic Region	Number of Manufacturing Facilities
North America	51
Europe	30
Latin America	15
Asia, Middle East, Africa and Turkey (AMAT)	15
Japan/Australia/New Zealand (JANZ)	11
Total	122

Manufacturing Facilities by Reportable Segment and Other

Food Care: We produce Food Care products in 60 manufacturing facilities, of which 15 are in North America, 16 in Europe, 11 in Latin America, 11 in AMAT and 7 in JANZ.

Diversey Care: We produce Diversey Care products in 20 manufacturing facilities, of which 5 are in North America, 5 in Europe, 3 in Latin America, 5 in AMAT and 2 in JANZ.

Product Care: We produce Product Care products in 73 manufacturing facilities, of which 36 are in North America, 17 in Europe, 7 in Latin America, 10 in AMAT and 3 in JANZ.

Table of Contents

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

Other Property Information

We own the large majority of our manufacturing facilities. Some of these facilities are subject to secured or other financing arrangements. We lease the balance of our manufacturing facilities, which are generally smaller sites. Our manufacturing facilities are usually located in general purpose buildings that house our specialized machinery for the manufacture of one or more products. Because of the relatively low density of our air cellular, polyethylene foam and protective mailer products, we realize significant freight savings by locating our manufacturing facilities for these products near our customers and distributors.

We also occupy facilities containing sales, distribution, technical, warehouse or administrative functions at a number of locations in the U.S. and in many foreign countries. Some of these facilities are located on the manufacturing sites that we own and some on those that we lease. Stand-alone facilities of these types are generally leased. Our global headquarters are located in a leased property in Elmwood Park, New Jersey. For a list of those countries outside of the United States where we have operations, see *Global Operations* above.

We believe that our manufacturing, warehouse, office and other facilities are well maintained, suitable for their purposes and adequate for our needs.

Item 3. Legal Proceedings

The information set forth in Part II, Item 8 of this Annual Report on Form 10-K in Note 18, *Commitments and Contingencies*, under the caption *Cryovac Transaction Commitments and Contingencies* is incorporated herein by reference.

At December 31, 2013, 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, 2013, environmental related reserves were not material to our consolidated financial condition or results of operations. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to us and our experience in dealing with these matters, we believe that our potential future liability with respect to these sites is not material to our consolidated financial condition or results of operations.

We are also involved in various other legal actions incidental to our business. We believe, after consulting with counsel, that the disposition of these other legal proceedings and matters will not have a material effect on our consolidated financial condition or results of operations.

Item 4. Mine Safety Disclosures.

Not applicable.

Table of Contents

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, 2014, the year in which the officer was first elected to the position currently held with us or with the former Sealed Air Corporation, now known as Sealed Air Corporation (US) and a wholly-owned subsidiary of the Company, and the year in which such person was first elected an officer.

All of our officers serve at the pleasure of the Board of Directors. We have employed all officers for more than five years except for Mr. Chammas, who was first elected an officer effective December 16, 2010, Ms. De Mayo, who was first elected an officer effective December 20, 2012, Mr. Finch who was first elected effective May 16, 2013, Dr. Kadri, who was first elected an officer effective January 1, 2013, Ms. Lowe, who was first elected an officer effective June 18, 2012, Mr. Peribere, who was first elected an officer effective September 1, 2012, Mr. Sagnak, who was first elected an officer effective January 3, 2012 and Mr. Stiehl who was first elected an officer effective January 1, 2013.

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

Prior to joining the Company in December 2012, Ms. De Mayo was an Executive Vice President, Human Resources at Aptuit, Inc., a privately held services company providing drug development and discovery solutions to the pharmaceutical and biotech industry, from 2009 through 2012. Prior to that, Ms. De Mayo was the Vice President, Global Human Resources for Henry Schein, Inc., a global distributor of healthcare products and services to office-based practitioners, from 2005 until 2008.

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

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

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

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

Prior to joining the Company in October 2011 in connection with the Diversey acquisition, Mr. Sagnak was Regional President - Asia Pacific, Africa, Middle East, Turkey and the Caucasian/Asian Republics (APAT) of Diversey since December 2010. Prior to that, he held several management positions at Diversey from 1995 through 2010 and with Unilever from 1990 through 1995.

Table of Contents

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

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

Name and Current Position	Age as of January 31, 2014	First Elected to Current Position	First Elected an Officer
Jerome A. Peribere	59	2013	2012
President, Chief Executive Officer and Director			
Carol P. Lowe	48	2012	2012
Senior Vice President and Chief Financial Officer			
Emile Z. Chammas	45	2010	2010
Senior Vice President			
Norman D. Finch Jr.	49	2013	2013
Vice President, General Counsel and Secretary			
Carole M. De Mayo	57	2012	2012
Vice President			
Karl R. Deily	56	2006	2006
Vice President			
J. Ryan Flanagan	50	2009	2009
Vice President			
Ilham Kadri	45	2013	2013
Vice President			
Warren J. Kudman	51	2009	2009
Vice President			
Ruth Roper	59	2004	2004
Vice President			
Yagmar Sagnak	47	2012	2012
Vice President			
Tod S. Christie	55	1999	1999
Treasurer			
William G. Stiehl	52	2013	2013
Chief Accounting Officer and Controller			

Table of Contents**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 2013 and 2012.

2013	High	Low	Dividends
First Quarter	\$ 24.28	\$ 17.94	\$ 0.13
Second Quarter	24.64	21.15	0.13
Third Quarter	30.57	24.45	0.13
Fourth Quarter	34.13	26.56	0.13
2012	High	Low	Dividends
First Quarter	\$ 21.04	\$ 17.38	\$ 0.13
Second Quarter	19.95	14.90	0.13
Third Quarter	16.67	13.11	0.13
Fourth Quarter	17.55	15.24	0.13

As of January 31, 2014, there were approximately 5,237 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 we initiated quarterly cash dividend payments in 2006.

	Total Cash Dividends Paid (In millions)	Total Cash Dividends Paid per Common Share
2006	\$ 48.6	\$ 0.30
2007	64.6	0.40
2008	76.4	0.48
2009	75.7	0.48
2010	79.7	0.50
2011	87.4	0.52
2012	100.9	0.52
2013	102.0	0.52
Total	\$ 635.3	

On February 18, 2014, our Board of Directors declared a quarterly cash dividend of \$0.13 per common share payable on March 21, 2014 to stockholders of record at the close of business on March 7, 2014. The estimated amount of this dividend payment is \$26 million based on 196 million shares of our common stock issued and outstanding as of January 31, 2014.

Table of Contents

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, 2013, the cumulative total return on an investment of \$100 assumed to have been made on December 31, 2008 in our common stock. The graph compares this return (SEE) with that of comparable investments assumed to have been made on the same date in: (a) the Standard & Poor's 500 Stock Index (Composite S&P 500) and (b) a self-constructed peer group.

The peer group includes us and the following companies: Agrium Inc., Air Products & Chemicals, Inc.; Ashland Inc.; Avery Dennison Corporation; Ball Corporation; Bemis Company, Inc.; Celanese Corporation; Crown Holdings, Inc.; Eastman Chemical Company; Ecolab Inc.; Huntsman Corporation; MeadWestvaco Corporation; Monsanto Company; The Mosaic Company; Owens-Illinois, Inc.; PPG Industries, Inc.; Praxair, Inc.; The Sherwin-Williams Company; and Sonoco Products Co.

Total return for each assumed investment assumes the reinvestment of all dividends on December 31 of the year in which the dividends were paid.

5 Year Compound Annual Growth Rate

SEE: 20.7%

Composite S&P 500: 17.7%

Peer Group: 23.1%

Table of Contents**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, 2013, the average price paid per share and the maximum number of shares that may yet be purchased under our publicly announced plans or programs.

Period	Total Number of Shares Purchased (1) (a)	Average Price Paid Per Share (b)	Total Number of Share Purchased As Part of Publicly Announced Plans or Programs (c)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (d)
Balance as of September 30, 2013		\$		15,546,142
October 1, 2013 through October 31, 2013				15,546,142
November 1, 2013 through November 30, 2013				15,546,142
December 1, 2013 through December 31, 2013	14,461			15,546,142
Total	14,461	\$		15,546,142

- (1) We did not purchase any shares during the quarter ended December 31, 2013 pursuant to our publicly announced program (described below). We did acquire shares by means of (a) shares withheld from awards under our 2005 contingent stock plan pursuant to the provision thereof that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (b) shares reacquired pursuant to the forfeiture provision of our 2005 contingent stock plan. (See table below.) We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable, including commissions. For shares withheld for tax withholding obligations or other legally required charges, we withhold shares at a price equal to their fair market value. We do not make payments for shares reacquired by the Company pursuant to the forfeiture provision of the 2005 contingent stock plan as those shares are simply forfeited.

Period	Shares withheld for tax obligations and charges (a)	Average withholding price for shares in column a (b)	Forfeitures under 2005 Contingent Stock Plan (c)	Total (d)
October 2013				
November 2013				
December 2013	13,641	30.85	1,000	14,461
Total	13,641	\$	1,000	14,641

On August 9, 2007, we announced that our Board of Directors had approved a share repurchase program authorizing us to repurchase in the aggregate up to 20 million shares of our issued and outstanding common stock (described further under the caption, "Repurchases of Capital Stock," in Management's Discussion and Analysis of Financial Condition and Results of Operations - Item 7 of this Annual Report on Form 10-K). This program has no set expiration date. This program replaced our prior share repurchase program, which we terminated at that time.

Table of Contents**Item 6. Selected Financial Data**

	2013 ⁽¹⁾	Year Ended December 31,			2009
		2012 ⁽¹⁾	2011 ⁽¹⁾⁽²⁾	2010	
		(In millions, except per common share data)			
Consolidated Statements of Operations Data⁽³⁾:					
Net sales	\$ 7,690.8	\$ 7,559.2	\$ 5,467.3	\$ 4,490.1	\$ 4,242.8
Gross profit	2,587.5	2,522.3	1,580.6	1,252.8	1,218.5
Impairment of goodwill and other intangible assets		1,892.3			
Operating profit (loss)	602.1	(1,427.7)	420.8	535.0	492.3
Loss on debt redemption	(36.3)	(36.9)		(38.5)	(3.4)
Earnings (loss) from continuing operations before income tax provision	177.7	(1,882.6)	189.4	343.4	329.9
Net earnings (loss) from continuing operations	93.7	(1,617.9)	132.7	255.9	244.3
Net earnings from discontinued operations	7.6	28.7	16.4		
Net gain on sale of discontinued operations	22.9	178.9			
Net earnings (loss) available to common stockholders	\$ 124.2	\$ (1,410.3)	\$ 149.1	\$ 255.9	\$ 244.3
Basic and diluted net earnings per common share:					
Basic					
Continuing operations	\$ 0.48	\$ (8.39)	\$ 0.79	\$ 1.61	\$ 1.54
Discontinued operations	0.16	1.08	0.10		
Net earnings (loss) per common share basic	\$ 0.64	\$ (7.31)	\$ 0.89	\$ 1.61	\$ 1.54
Diluted					
Continuing operations	\$ 0.44	\$ (8.39)	\$ 0.71	\$ 1.44	\$ 1.35
Discontinued operations	0.14	1.08	0.09		
Net earnings (loss) per common share diluted	\$ 0.58	\$ (7.31)	\$ 0.80	\$ 1.44	\$ 1.35
Common stock dividends	\$ 102.6	\$ 101.4	\$ 88.7	\$ 80.9	\$ 77.5
Consolidated Balance Sheets Data:					
Cash and cash equivalents	\$ 992.4	\$ 679.6	\$ 703.6	\$ 675.6	\$ 694.5
Goodwill	3,114.6	3,151.2	4,168.2	1,945.9	1,948.7
Intangible assets, net	1,016.9	1,131.6	2,027.6	78.0	58.4
Total assets	9,134.2	9,331.7	11,432.0	5,399.4	5,420.1
Settlement agreement and related accrued interest	925.1	876.9	831.2	787.9	746.8
Long-term debt, less current portion	4,116.4	4,540.8	4,966.7	1,399.2	1,626.3
Total stockholders equity	1,390.5	1,444.3	2,957.5	2,401.6	2,200.3
Working capital (current assets less current liabilities)	716.9	954.3	911.7	592.3	639.6
Consolidated Cash Flows Data⁽³⁾:					
Net cash provided by operating activities	\$ 624.8	\$ 394.2	\$ 363.1	\$ 483.1	\$ 552.0
Net cash used in investing activities	(105.5)	(114.9)	(2,365.7)	(96.9)	(70.3)
Net cash (used in) provided by financing activities	(319.8)	(585.1)	2,016.4	(373.0)	90.3
Other Financial Data:					
Depreciation and amortization	\$ 283.4	\$ 300.2	\$ 182.7	\$ 154.7	\$ 154.5
Share-based incentive compensation	24.1	16.9	25.0	30.6	38.8
Capital expenditures	116.0	122.8	121.7	87.6	80.3

Table of Contents

- (1) Operating results for the rigid medical packaging business were reclassified to discontinued operations in 2013, 2012 and 2011 and related assets and liabilities were reclassified to assets and liabilities held for sale as of December 31, 2012 and 2011. Operating results for Diversey Japan were reclassified to discontinued operations for the periods in 2012 and 2011 beginning October 3, 2011. See Note 3, *Divestitures*, for further information about the sale of our rigid medical packaging business in 2013 and the sale of our Diversey Japan in 2012. Results for 2010 and 2009 have not been revised for the sale of the rigid medical packaging business as the results were not considered material or the sale of the Diversey Japan because we acquired Diversey on October 3, 2011.
- (2) Includes the financial results of Diversey for the period beginning October 3, 2011 (acquisition date). See Note 4, *Acquisition of Diversey Holdings, Inc.*, for further information about the acquisition.
- (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, 2013.

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.

The results include the operating results of Diversey beginning October 3, 2011 (date of acquisition). All results prior to October 3, 2011 include historical Sealed Air results only.

On December 6, 2013, we completed the sale of the rigid medical packaging business, and accordingly the operating results were reclassified to discontinued operations, net of tax, on the consolidated statements of operations for 2013, 2012 and 2011. On November 14, 2012, we completed the sale of Diversey Japan, and accordingly the operating results were reclassified to discontinued operations, net of tax, on the consolidated statements of operations for 2012 and 2011. Also, the assets and liabilities of the rigid medical packaging business operations were reclassified to assets and liabilities held for sale as of December 31, 2012. See Note 3, *Divestitures*, for further details. All results and discussion included in this MD&A are presented on a continuing operations basis.

In the third quarter of 2013, we renamed our global business divisions under our segment reporting structure, which did not have any impact to the reportable segment results. The following are the changes to the names of our three global business divisions:

Food Care, which was previously named Food & Beverage;

Diversey Care, which was previously named Institutional & Laundry; and

Product Care, which was previously named Protective Packaging.

We also have an Other Category, which includes our medical applications and new ventures businesses. The changes to the segment names had no effect on our historical consolidated results of operations. See Note 5, *Segments*, for further details of our segment structure.

Overview

We are a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, healthcare and industrial, and commercial and consumer applications. We have widely recognized and inventive brands such as Bubble Wrap® brand cushioning, Cryovac® brand food packaging solutions and Diversey® brand cleaning and hygiene

Table of Contents

solutions. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measureable, sustainable value to our customers, employees and investors.

As of December 31, 2013, we employed approximately 7,300 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. We have no material long-term contracts for the distribution of our products. In 2013, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Historically, net sales in our Food Care segment have tended to be slightly lower in the first quarter and slightly higher towards the end of the third quarter through the fourth quarter, due to holiday events. Net sales in our Diversey Care segment have tended to be slightly lower in the first quarter; second quarter sales represent a modest seasonal increase due to higher occupancy rates in European lodging; and the third and fourth quarters of the year are relatively the same level as the second quarter. Net sales in our Product Care segment have also tended to be slightly lower in the first quarter and higher in the mid-third quarter and through the fourth quarter due to holiday events. 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 for most of our packaging products is based primarily on packaging performance characteristics, service and price. Competition is also based upon innovations in packaging technology and, as a result, we maintain ongoing research and development programs to enable us to maintain technological leadership. Our Food Care hygiene solutions and Diversey Care solutions businesses face a wide spectrum of competitors across each product category. Competition is both global and regional in scope and includes numerous small, local competitors with limited product portfolios and geographic reach. For more details, see Competition included in Part I, Item 1 Business.

Our net sales are sensitive to developments in our customers' business or market conditions, changes in the global economy, and the effects of foreign currency translation. Our costs can vary materially due to changes in input costs, including petrochemical-related costs (primarily resin costs), which are not within our control. Consequently, our management focuses on reducing those costs that we can control and using petrochemical-based and other raw materials as efficiently as possible. We also believe that our global presence helps to insulate us from localized changes in business conditions.

We manage our businesses to generate substantial operating cash flow. We believe that our operating cash flow will permit us to continue to spend on innovative research and development and to invest in our business by means of capital expenditures for property and equipment and acquisitions. Moreover, we expect that our ability to generate substantial operating cash flow should provide us with the flexibility to repay debt and to return capital to our stockholders.

2014 Outlook

We expect net sales to be relatively flat in 2014 compared to 2013 net sales of \$7.7 billion with organic growth of approximately 3% to 4% due to positive trends in volume and product price/mix. This is expected to be offset

Table of Contents

by the impact of product rationalization of approximately 1% to 2% and an estimated unfavorable impact of more than 2% from foreign currency translation. Adjusted EPS, excluding the impact of Stock Appreciation Rights (SARs) expense, is expected to be in the range of \$1.50 to \$1.60. This represents an estimated increase of 8% to 15% compared with 2013 Adjusted EPS of \$1.39, excluding SARs expense. Adjusted EPS guidance excludes the impact of special items. Our core tax rate for 2014 is expected to be approximately 25%. We also estimate interest expense to be approximately \$295 million (\$280 million of cash interest expense) and depreciation and amortization to be approximately \$315 million.

Adjusted EBITDA for 2014, including non-cash profit sharing expense and excluding the impact of SARs, is estimated to be in the range of \$1.050 billion to \$1.070 billion. This represents an estimated increase of 1% to 3% compared with 2013 Adjusted EBITDA of \$1.038 billion.

For 2014, we anticipate capital expenditures of approximately \$170 million, cash payments related to the Earnings Quality Improvement Program (EQIP) and the Integration and Optimization Program (IOP) of approximately \$150 million and cash taxes between \$100 million and \$120 million. As a result of higher capital expenditures and restructuring payments in 2014 as compared to 2013, we anticipate Free Cash Flow for 2014 to be approximately \$410 million.

Highlights of Financial Performance

Below are the highlights of our financial performance for the three years ended December 31, 2013.

	2013	2012	2011	2013 vs. 2012 % Change	2012 vs. 2011 % Change
Net sales	\$ 7,690.8	\$ 7,559.2	\$ 5,467.3	2%	38%
Gross profit	\$ 2,587.5	\$ 2,522.3	\$ 1,580.6	3%	60%
<i>As a % of net sales</i>	<i>33.6%</i>	<i>33.4%</i>	<i>28.9%</i>		
Operating profit (loss)	\$ 602.1	\$ (1,427.7)	\$ 420.8	#%	#%
<i>As a % of net sales</i>	<i>7.8%</i>	<i>(18.9)%</i>	<i>7.7%</i>		
Net earnings (loss) available to common stockholders from continuing operations	\$ 93.7	\$ (1,617.9)	\$ 132.7	#%	#%
Net earnings (loss) per common share from continuing operations basic	\$ 0.48	\$ (8.39)	\$ 0.79	#%	#%
Net earnings (loss) per common share from continuing operations diluted	\$ 0.44	\$ (8.39)	\$ 0.71	#%	#%
Weighted average number of common shares outstanding:					
Basic	194.6	192.8	167.0		
Diluted	213.5	192.8	185.4		
Non-U.S. GAAP adjusted diluted net earnings per common share continuing operations ⁽¹⁾	\$ 1.23	\$ 0.91	\$ 1.22	35%	(25)%
Non-U.S. GAAP adjusted diluted net earnings per common share continuing operations, excluding the impact of SARs	\$ 1.39	\$ 0.98	\$ 1.22	42%	(20)%

Edgar Filing: SEALED AIR CORP/DE - Form 10-K

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

⁽¹⁾ See Diluted Net Earnings per Common Share for a reconciliation of our U.S. GAAP EPS to our non-U.S. GAAP adjusted EPS.

Table of Contents**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.

	2013		Year Ended December 31, 2012		2011	
	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net earnings (loss) and EPS available to common stockholders continuing operations	\$ 93.7	\$ 0.44	\$ (1,617.9)	\$ (8.39)	\$ 132.7	\$ 0.71
Special items, net of tax ⁽¹⁾	169.5	0.79	1,811.0	9.30	94.3	0.51
Non-U.S. GAAP Adjusted net earnings and Adjusted EPS	\$ 263.2	\$ 1.23	\$ 193.1	\$ 0.91	\$ 227.0	\$ 1.22
Weighted average number of common shares outstanding Diluted⁽²⁾		213.5		211.2		185.4

⁽¹⁾ Special items are certain one-time costs/credits that are included in our U.S. GAAP reported results. For 2013, special items primarily included restructuring and other charges of \$74 million (\$59 million, net of taxes) and associated costs of \$26 million (\$18 million, net of taxes), related to both EQIP and IOP, \$50 million increase to the valuation allowance in connection with the deferred tax asset related to the Settlement agreement, loss on debt redemption of \$36 million (\$24 million, net of taxes), write down of non-strategic assets of \$5 million (\$3 million, net of taxes) and foreign currency exchange losses related to Venezuelan subsidiaries of \$13 million (\$11 million, net of taxes). For 2012, these items primarily included (i) impairment of goodwill and other intangible assets, (ii) restructuring charges and (iii) loss on debt redemption. For 2011, these items primarily include costs related to the acquisition and integration of Diversey and restructuring charges.

⁽²⁾ For 2012, for purposes of calculating Adjusted EPS, the dilutive impact of: (i) the effect of the assumed issuance of 18 million shares of common stock reserved for the Settlement agreement and (ii) the effect of non-vested restricted stock and restricted stock units using the treasury stock method was included because we reported adjusted net earnings for 2012. These shares differ from the shares used to calculate net loss per common share included in the consolidated statement of operations for U.S. GAAP reporting purposes because we reported a net loss for 2012, which does not include the effect of the items mentioned above as the effect was anti-dilutive. See Note 21, Net (Loss) Earnings Per Common Share, for details on the calculation of our U.S. GAAP basic and diluted EPS and Non-U.S. GAAP Information above, for further details.

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

	2013		Year Ended December 31, 2012		2011	
	Provision	Effective Tax Rate	(Benefit) Provision	Effective Tax Rate	Provision	Effective Tax Rate
U.S. GAAP Income Taxes	\$ 84.0	47.3%	\$ (264.7)	14.1%	\$ 56.7	29.9%
Non-U.S. GAAP Income Taxes (Core Taxes)	\$ 73.5	21.8%	\$ 68.2	26.1%	\$ 99.7	30.5%

Table of Contents**Foreign Currency Translation Impact on Consolidated Financial Results**

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

As shown below, 65% of our consolidated net sales in 2013 were generated outside the U.S.

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

	2013 vs. 2012	2012 vs. 2011
Net sales	\$ (75.6)	\$ (146.1)
Cost of sales	62.0	111.0
Selling, general and administrative expenses	9.0	27.0
Operating profit	\$ (4.6)	\$ (8.1)

Net Sales by Geographic Region

Net sales by geographic region for three years ended December 31, 2013 as follows:

	Year Ended December 31,			2013 vs. 2012	2012 vs. 2011
	2013	2012	2011	% Change	% Change
North America	\$ 3,006.9	\$ 2,952.4	\$ 2,452.2	1.8%	20.4%
<i>As a % of net sales</i>	<i>39.1%</i>	<i>39.1%</i>	<i>44.9%</i>		
Europe	2,447.8	2,416.5	1,581.9	1.2%	52.8%
<i>As a % of net sales</i>	<i>31.8%</i>	<i>32.0%</i>	<i>28.9%</i>		
Latin America	824.3	799.7	545.7	3.1%	46.5%
<i>As a % of net sales</i>	<i>10.7%</i>	<i>10.6%</i>	<i>10.0%</i>		
AMAT⁽¹⁾	846.8	794.4	346.0	6.5%	#%
<i>As a % of net sales</i>	<i>11.0%</i>	<i>10.5%</i>	<i>6.3%</i>		
JANZ⁽²⁾	565.0	596.2	541.5	(5.2)%	10.1%
<i>As a % of net sales</i>	<i>7.3%</i>	<i>7.9%</i>	<i>9.9%</i>		
Total	\$ 7,690.8	\$ 7,559.2	\$ 5,467.3	1.7%	38.3%

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

⁽¹⁾ AMAT = Asia, Middle East, Africa and Turkey

⁽²⁾ JANZ = Japan, Australia and New Zealand

Table of Contents

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

Change in net sales

		North America	Europe	Latin America	AMAT⁽¹⁾	JANZ⁽²⁾	Total
2013 Compared with 2012							
Volume	Units	\$ 18.7	\$ (2.2)	\$ 36.5	\$ 54.3	\$ 6.7	\$ 114.0
	<i>% change</i>	0.6%	(0.1)%	4.6%	6.8%	1.1%	1.5%
Volume	Acquired businesses, net of (dispositions)	(1.2)	0.3	0.1	0.3		(0.5)
	<i>% change</i>	%	%	%	%	%	%
	Product price/mix	44.5	(3.8)	40.5	16.3	(3.8)	93.7
	<i>% change</i>	1.5%	(0.2)%	5.1%	2.0%	(0.6)%	1.2%
	Foreign currency translation	(7.5)	37.1	(52.5)	(18.6)	(34.1)	(75.6)
	<i>% change</i>	(0.3)%	1.5%	(6.6)%	(2.3)%	(5.7)%	(1.0)%
Total		\$ 54.5	\$ 31.4	\$ 24.6	\$ 52.3	\$ (31.2)	\$ 131.6
	<i>% change</i>	1.8%	1.2%				