

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This annual 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 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.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the implementation of our Settlement agreement regarding the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against the Company arising from a 1998 transaction with W. R. Grace & Co.; global economic conditions; credit ratings; changes in raw material pricing and availability; changes in energy costs; competitive conditions and contract terms; currency translation and devaluation effects, including in Venezuela; 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; successful integration and other information included in our Annual Report on Form 10-K under 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.

DEFINITIONS AND RECONCILIATIONS OF NON-U.S. GAAP FINANCIAL MEASURES

In our annual report, we present financial information in accordance with U.S. GAAP. In addition, we 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, Adjusted EPS, Adjusted Cash EPS and Free Cash Flow. These non-U.S. GAAP financial measures provide management with additional means to understand and evaluate the core operating results and trends in our ongoing business by eliminating certain one-time expenses and/or gains (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and peers more difficult, obscure trends in ongoing operations or reduce management’s ability to make useful forecasts. Our non-U.S. GAAP financial measures may also be considered in calculations of our performance measures set by the Organization and Compensation Committee of our Board of Directors for purposes of determining incentive compensation.

The non-U.S. GAAP financial metrics mentioned above exclude items 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.

The following is a reconciliation of U.S. GAAP operating profit as reported to non-U.S. GAAP adjusted operating profit.

	Pro Forma Year Ended December 31,		Year Ended December 31,		
(unaudited) (\$ in millions)	2011	2010	2011 ⁽¹⁾	2010	2009
U.S. GAAP operating profit as reported	\$637.5	\$688.7	\$447.4	\$535.0	\$492.3
<i>As a % of total net sales</i>	<i>7.9%</i>	<i>9.0%</i>	<i>7.9%</i>	<i>11.9%</i>	<i>11.6%</i>
Add: Costs related to the acquisition of Diversey ⁽²⁾	—	—	64.8	—	—
Add: 2011–2014 Integration and Optimization Program restructuring charges ⁽²⁾	52.9	—	52.9	—	—
Add: Additional cost of sales for the step-up in inventories ⁽³⁾	—	—	11.6	—	—
Add: European manufacturing facility closure charges ⁽⁴⁾	0.2	6.9	0.2	6.9	—
Add: Legacy Diversey non-recurring charges ⁽⁴⁾	37.4	46.1	12.6	—	—
Add: Global manufacturing strategy charges ⁽⁴⁾	—	7.4	—	7.4	16.7
Non-U.S. GAAP adjusted operating profit	\$728.0	\$749.1	\$589.5	\$549.3	\$509.0
<i>As a % of total net sales</i>	<i>9.0%</i>	<i>9.8%</i>	<i>10.5%</i>	<i>12.2%</i>	<i>12.0%</i>
Total net sales	\$8,105	\$7,618	\$5,641	\$4,490	\$4,243
Additional information:					
Depreciation expense on property, plant and equipment	\$185.5	\$192.5	\$148.2	\$143.5	\$142.8
Amortization expense on acquired intangible assets	\$134.5	\$136.5	\$ 41.3	\$ 11.2	\$ 11.7
Share-based incentive compensation expense	\$ 26.4	\$ 42.9	\$ 25.0	\$ 30.6	\$ 38.8

(1) Includes the results of Diversey from October 3, 2011 through December 31, 2011.

(2) These items are not considered part of our ongoing business and considered one-time in nature and will not have a continuing impact on our ongoing business or on the consolidated statements of operations. Under U.S. GAAP, the costs related to the acquisition of Diversey have been excluded from the 2011 pro forma U.S. GAAP operating profit as reported as these costs are treated as non-recurring pro forma adjustments.

(3) This item represents the net step-up in the fair value of Diversey's inventories, net. The impact to cost of sales is one-time in nature and will not have a continuing impact on our ongoing business or on the consolidated statements of operations. Under U.S. GAAP, the impact of the step-up in inventories has been excluded from the 2011 pro forma U.S. GAAP operating profit as reported as this charge was treated as a non-recurring pro forma adjustment.

(4) These items represent special items and certain one-time charges principally associated with past restructuring programs for both Sealed Air and Diversey. These amounts are not part of our ongoing business and are not expected to have a continuing impact on the consolidated statements of operations.

The following is a reconciliation of U.S. GAAP net earnings as reported to non-U.S. GAAP EBIT, EBITDA and Adjusted EBITDA.

(unaudited) (\$ in millions)	Pro Forma Year Ended December 31,		Year Ended December 31,		
	2011	2010	2011	2010	2009
U.S. GAAP net earnings available to common stockholders—diluted as reported	\$ 129.8	\$ 173.8	\$ 148.3	\$ 254.4	\$ 246.9
Add: Interest expense	402.2	409.7	217.1	161.6	154.9
Add: Income tax provision	94.2	74.9	67.0	87.5	85.6
Non-U.S. GAAP EBIT	\$ 626.2	\$ 658.4	\$ 432.4	\$ 503.5	\$ 487.4
Add: Depreciation and amortization expense	320.0	329.0	189.5	154.7	154.5
Non-U.S. GAAP EBITDA	\$ 946.2	\$ 987.4	\$ 621.9	\$ 658.2	\$ 641.9
Add: Share-based incentive compensation expense	26.4	42.9	25.0	30.6	38.8
Add: Costs related to the acquisition of Diversey ⁽²⁾	—	—	64.8	—	—
Add: 2011–2014 Integration and Optimization Program restructuring charges	52.9	—	52.9	—	—
Add: Additional cost of sales for the step-up in inventories, net ⁽²⁾	—	—	11.6	—	—
Add: Legacy Diversey non-recurring charges	37.4	46.1	12.6	—	—
Add: Loss on debt redemption	—	38.5	—	38.5	3.4
Add: Global manufacturing strategy charges	—	7.4	—	7.4	16.7
Add: European manufacturing facility closure charges	0.3	6.9	0.3	6.9	—
Less: Gain on sale of facility	(3.9)	—	(3.9)	—	—
Less: Gain on sale of available-for-sale securities, net of impairment	—	(5.9)	—	(5.9)	4.0
Add/(less): Foreign currency exchange losses (gains) related to Venezuelan subsidiary	0.3	(1.6)	0.3	(5.5)	—
Add: Settlement agreement related costs	0.9	0.6	0.9	0.6	1.8
Non-U.S. GAAP adjusted EBITDA	\$1,060.5	\$1,122.3	\$ 786.4	\$ 730.8	\$ 706.6
Total net sales	\$8,105.4	\$7,617.8	\$5,640.9	\$4,490.1	\$4,242.8
Non-U.S. GAAP adjusted EBITDA as a percentage of total net sales	13.1%	14.7%	13.9%	16.3%	16.7%

(1) Our 2010 and 2009 adjusted EBITDA calculations have been revised to conform to our 2011 presentation.

(2) See Notes 2 and 3 of "Reconciliation of U.S. GAAP operating profit to non-U.S. GAAP adjusted operating profit."

The following is a reconciliation of U.S. GAAP pro forma net earnings to non-U.S. GAAP pro forma adjusted net earnings.

	Pro Forma Year Ended December 31,	
(unaudited) (\$ in millions, except per share data)	2011	2010
U.S. GAAP pro forma net earnings	\$129.8	\$173.8
Pro forma net earnings per common share—diluted	\$ 0.62	\$ 0.83
<i>Items excluded from the calculation of non-U.S. GAAP pro forma adjusted net earnings, net of taxes:</i>		
Add: 2011–2014 Integration and Optimization Program restructuring charges	34.3	—
Add: Legacy Diversey non-recurring charges	22.8	23.8
Add: Loss on debt redemption	—	24.3
Add: Global manufacturing strategy charges	—	5.1
Add: European manufacturing facility closure charges	0.2	4.8
Less: Gain on sale of facility	(3.2)	—
Less: Gain on sale of available-for-sale securities, net of impairment	—	(3.7)
Add/(less): Foreign currency exchange losses (gains) related to Venezuelan subsidiaries	0.2	(1.1)
Non-U.S. GAAP pro forma adjusted net earnings	\$184.1	\$227.0
Non-U.S. GAAP pro forma adjusted net earnings per common share—diluted	\$ 0.88	\$ 1.09
Pro forma weighted average number of common shares outstanding—diluted	209.2	208.4

Note:

The 2011 U.S. GAAP pro forma net earnings presented above excludes the following material, non-recurring adjustments:

—costs related to the acquisition of Diversey of \$70 million; and

—the impact of the step-up in inventories, net of \$12 million.

The following reconciliations of U.S. GAAP net earnings as reported to non-U.S. GAAP adjusted net earnings and U.S. GAAP diluted net earnings per common share as reported to non-U.S. GAAP adjusted net earnings per common share.

(unaudited) (\$ in millions, except per share data)	Year Ended December 31,					
	2011		2010		2009	
	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net earnings and EPS available to common stockholders—diluted	\$148.3	\$ 0.80	\$254.4	\$ 1.44	\$246.9	\$1.35
<i>Items excluded from the calculation of adjusted net earnings available to common stockholders and adjusted EPS, net of taxes⁽¹⁾:</i>						
<i>Special items:</i>						
Add: Costs related to the acquisition of Diversy	46.0	0.24	—	—	—	—
Add: 2011–2014 Integration and Optimization Program restructuring charges	34.3	0.19	—	—	—	—
Add: Additional cost of sales for the step-up in inventories	8.6	0.05	—	—	—	—
Add: Legacy Diversy non-recurring charges	9.0	0.05	—	—	—	—
Add: Loss on debt redemption	—	—	24.3	0.14	2.1	0.01
Add: Global manufacturing strategy charges	—	—	5.1	0.03	11.4	0.07
Add: European manufacturing facility closure charges	0.2	—	4.8	0.03	—	—
Less: Gain on sale of facility	(3.2)	(0.02)	—	—	—	—
Less: Gain on sale of available-for-sale securities, net of impairment	—	—	(3.7)	(0.02)	2.5	0.01
Add/(less): Foreign currency exchange losses (gains) related to Venezuelan subsidiaries	0.2	—	(3.6)	(0.02)	—	—
Non-U.S. GAAP adjusted net earnings and EPS	\$243.4	\$ 1.31	\$281.3	\$ 1.60	\$262.9	\$1.44
Weighted average number of common shares outstanding—diluted	185.4		176.7		182.6	

(1) See “Tax Effect on Special Items” below for the tax effect of each item included in the calculations above.

TAX EFFECT on SPECIAL ITEMS	Year Ended December 31,		
	2011	2010	2009
(unaudited) (\$ in millions)			
Costs related to the acquisition of Diversy	\$18.8	\$ —	\$ —
2011–2014 Integration and Optimization Program restructuring charges	18.6	—	—
Additional cost of sales for the step-up in inventories	3.0	—	—
Legacy Diversy non-recurring charges	3.6	—	—
European manufacturing facility closure charges	0.1	2.1	—
Gain on sale of facility	(0.7)	—	—
Foreign currency exchange losses related to Venezuelan subsidiaries	0.1	(1.9)	—
Loss on debt redemption	—	14.2	1.3
Global manufacturing strategy charges	—	2.3	5.3
Gain on sale of available-for-sale securities, net of impairment	—	2.2	(1.5)

We calculate non-U.S. GAAP free cash flow as follows:

	Year Ended December 31,		
(unaudited) (\$ in millions)	2011	2010 ⁽¹⁾	2009 ⁽¹⁾
U.S. GAAP net earnings available to common stockholders—diluted	\$ 148.3	\$254.4	\$246.9
Items excluded from the calculation of adjusted cash net earnings available to common stockholders, net of taxes when applicable:			
Add: Amortization expense of acquired intangible assets	28.4	7.1	8.6
Add: Non-cash interest expense, including accrued interest related to the Settlement agreement	51.0	20.5	40.0
Add/(Less): Non-cash income taxes	24.4	31.9	(28.7)
Add: Costs related to the acquisition of Diversey	46.0	—	—
Add: 2011–2014 Integration and Optimization Program restructuring charges	34.3	—	—
Add: Additional cost of sales for the step-up in inventories, net	8.6	—	—
Add: Legacy Diversey non-recurring charges	9.0	—	—
Add: Loss on debt redemption	—	24.3	2.1
Add: Global manufacturing strategy charges	—	5.1	11.4
Add: European manufacturing facility closure charges	0.2	4.8	—
Less: Gain on sale of facility	(3.2)	—	—
Less: Gain on sale of available-for-sale securities, net of impairment	—	(3.7)	2.5
Add/(less): Foreign currency exchange losses (gains) related to Venezuelan subsidiary	0.2	(3.6)	—
Non-U.S. GAAP adjusted cash net earnings available to common stockholders	\$ 347.2	\$340.8	\$282.8
Add: Depreciation expense on property, plant and equipment	148.2	143.5	154.5
Add: Share-based incentive compensation expense	25.0	30.6	38.8
Less: Capital expenditures	(124.5)	(87.6)	(80.3)
Changes in working capital items:⁽²⁾			
Receivables, net, excluding acquired receivables balance from Diversey of \$592.7 million in 2011, net of cash used to repay accounts receivables securitization program of \$80 million in 2009	(96.0)	(30.4)	96.1
Inventories, net, excluding the acquired inventories balance from Diversey of \$308.1 million in 2011	5.8	(26.4)	94.9
Accounts payable, excluding the acquired balance from Diversey of \$337.8 million and accrued acquisition costs of \$1.3 million in 2011	47.9	17.8	(63.0)
Non-U.S. GAAP free cash flow	\$ 353.6	\$388.3	\$523.8

(1) Our 2010 and 2009 free cash flow calculations have been revised to conform to our 2011 presentation.

(2) Includes the impact of foreign currency translation.

DEFINITIONS

Return on Total Assets = Net Earnings / Average Total Assets

Return on Stockholders' Equity = Net Earnings / Average Total Stockholders' Equity

Return on Invested Capital = Full year adjusted net operating profit after core taxes / Average invested capital in the period.
Core taxes represent the U.S. GAAP effective tax rate after adjusting for permitted exclusions.

Invested capital = Total debt + settlement liability and related accrued interest + total stockholders' equity — accumulated other comprehensive income — cash and cash equivalents.