SEALED AIR CORP/DE
Form 10-K
February 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

Or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	65-0654331
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
8215 Forest Point Boulevard, Charlotte, North Carolina	28273

(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (201) 791-7600

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.10 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

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

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

As of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $10,611,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 195,993,330 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of January 31, 2016.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2016 Annual Meeting of Stockholders, to be held on May 19, 2016, are incorporated by reference into Part II and Part III of this Form 10-K.

SEALED AIR CORPORATION AND SUBSIDIARIES

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Cautionary Notice Regarding Forward-Looking Statements

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

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

Non-U.S. GAAP Information

We present financial information that conforms to Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). We also present financial information that does not conform to U.S. GAAP, which we refer to as non-U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. The non-U.S. GAAP information has limitations as an analytical tool and should not be considered in isolation from or as a substitute for U.S. GAAP information. It does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others. Investors are cautioned against placing undue reliance on these non-U.S. GAAP measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures. See Note 4, “Segments” and our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for reconciliations of our non-U.S. GAAP financial measures to U.S. GAAP. Information reconciling forward-looking non-U.S. GAAP measures to U.S. GAAP measures is not available without unreasonable effort.

Our management may assess our financial results both on a U.S. GAAP basis and on a non-U.S. GAAP basis. Non-U.S. GAAP financial measures provide management with additional means to understand and evaluate the core operating results and trends in our ongoing business by eliminating certain one-time expenses and/or gains (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and peers more difficult, obscure trends in ongoing operations or reduce management’s ability to make useful forecasts.

Our non-U.S. GAAP financial measures may also be considered in calculations of our performance measures set by the Organization and Compensation Committee of our Board of Directors for purposes of determining incentive compensation. The non-U.S. GAAP financial metrics mentioned above exclude items that we consider as unusual or special items. We evaluate unusual or special items on an individual basis. Our evaluation of whether to exclude an unusual or special item for purposes of determining our non-U.S. GAAP financial measures considers both the quantitative and qualitative aspects of the item, including among other things (i) its nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis.

The Company measures segment performance using Adjusted EBITDA (a non-U.S. GAAP financial measure). Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of special items.

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

In our "Net Sales by Geographic Region," "Components of Change in Net Sales by Segment" and in some of the discussions and tables that follow, we exclude the impact of foreign currency translation when presenting net sales information, which we define as "constant dollar." Changes in net sales excluding the impact of foreign currency translation are non-U.S. GAAP financial measures. As a worldwide business, it is important that we take into account the effects of foreign currency translation when we view our results and plan our strategies. Nonetheless, we cannot control changes in foreign currency exchange rates. Consequently, when our management looks at our financial results to measure the core performance of our business, we may exclude the impact of foreign currency translation by translating our current period results at prior period foreign currency exchange rates. We also may exclude the impact of foreign currency translation when making incentive compensation determinations. As a result, our management believes that these presentations are useful internally and may be useful to investors.

PART I

Item 1. Business

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

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

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

- extensive global reach, by which we leverage our strengths across our operations in 62 countries to reach customers in 169 countries;
- approximately 23,000 employees representing industry-leading expertise in package design, sales, service and engineering, hygiene and sanitation solutions, and in food science;
- leading brands, such as Cryovac® packaging technology, Diversey® and TASKI® brand cleaning and hygiene solutions, including Intellibot® floor cleaning robots, and our Bubble Wrap ® brand cushioning, Jiffy® protective mailers, Instapak® foam-in-place systems and B+ Equipment's proprietary flagship I-Pack® and e-Cube system™;
- technology leadership with an emphasis on proprietary and patented 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 2015, our operations generated approximately 62% of our revenue from outside the United States. We generated net sales of $7,032 million, net earnings from continuing operations of $335 million and Adjusted EBITDA of $1,174 million. Refer to Part II, Item 7 "Management's discussion and Analysis of Financial Conditions and Results of Operations for reconciliation of Non-U.S. GAAP total company adjusted EBITDA to U.S. GAAP net earnings from continuing operations.

Our Competitive Strengths

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

Scale and Global Reach. We have approximately 23,000 employees globally and are present in 62 countries with a sales and distribution network reaching 169 countries. This scale and reach enables us to meet our customers' needs as they expand their business on a global basis. We believe our geographic presence, extensive distribution network, and exposure to a variety of end markets help diversify our business, leverage our technology and our total systems solution model and position us to capitalize on growth opportunities in markets around the world.

Diversified Customer Base. Our customers include leading global food and beverage processors, business supply distributors, consumer products manufacturers, hotel operators, retailers, building contractors, educational institutions and health care providers. Our customer base is diverse, with no single customer or affiliated group of customers representing more than 10% of net sales in 2015.

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

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

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

Our Business Strategies

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

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

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

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

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

Accelerating our penetration and rate of growth in developing regions.

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

Focusing on cash flow generation and improved return on assets.

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

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

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

Developing our people.

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

Segments

We report our segment information in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 280, "Segment Reporting," ("FASB ASC Topic 280"). The Company's segment reporting structure consists of three reportable segments and an "Other" category and is as follows:

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

See Note 4, "Segments" for further information.

Descriptions of the Reportable Segments and Other

Food Care Segment

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

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

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, Cryovac ®, Flow-Vac ® (a U.S. registered trademark of Ulma Packaging Technological Center) wrapping/vacuuming packaging systems, thermoforming, skin, tray/lid and vertical pouch packaging systems. Services include graphic design, printing, training, field quality assurance and remote diagnostics. Facility hygiene solutions include clean-in-place and open plant systems that integrate cleaning chemicals, lubricants, floor care equipment and cleaning and dispensing tools. Also offered are a wide range of value-added services such as application and employee training and auditing of hygiene, water and energy management to improve the operational efficiency of customers' processes and their cleaning efficacy.

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

Diversey Care Segment

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

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

Diversey Care is focused on leveraging its extensive expertise and integrated solutions to expand its global market presence with regional and multinational customers across its five targeted sectors. Diversey Care retains a solid market position in developed economies where increased urbanization and greater sanitation and hygiene requirements provide meaningful growth opportunities.

Product Care Segment

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

This division provides customers with a versatile range of Product Care solutions to meet cushioning, void fill, positioning/block-and-bracing, surface protection, retail display, containment and dunnage needs. Solutions are marketed under industry-leading brands that include Bubble Wrap ® and AirCap ® air cellular packaging, Cryovac ® performance shrink films, Shanklin ® FloWrap shrink packaging systems, Instapak ® polyurethane foam packaging systems, Jiffy ®mailers, and Korrvu ® suspension and retention packaging and sustainable offers in PakNatural ® Loose fill and RestoreÒ Mushroom ® packaging. The Company's acquisition of B+ Equipment includes the flagship I-Pack® system and newly introduced e-Cube™ system, both of which provide intelligent, high-velocity fulfillment. Solutions are sold globally and supported by a network of 29 American Society for Testing and Materials International ("ASTM") approved Product Care design and testing centers, and one of the industry's largest sales and service teams.

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

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

Other

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

We also focus on growth by utilizing our technologies in new market segments.

Medical Applications

The goal of our Medical Applications business is to provide solutions offering superior protection and reliability to the medical, pharmaceutical and medical device industries. We sell medical applications products directly to medical device manufacturers and pharmaceutical companies and to the contract packaging firms that supply them. Medical Applications is focused on growth in the medical device and pharmaceutical solutions packaging markets. Our core product lines include customer designed flexible packaging materials for medical and drug delivery devices, specialty component films for ostomy and colostomy bags and PVC free film to package pharmaceutical solutions.

New Ventures

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

Global Operations

We operate through our subsidiaries and have a presence in the United States and the 61 other countries listed below, enabling us to distribute our products to our customers in 169 countries.

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

In maintaining our foreign operations, we face risks inherent in these operations, such as currency fluctuations, inflation and political instability. Information on currency exchange risk appears in Part II, Item 7A of this Annual Report on Form 10-K, which information is incorporated herein by reference. Other risks attendant to our foreign operations are set forth in Part I, Item 1A “Risk Factors,” of this Annual Report on Form 10-K, which information is incorporated herein by reference. Information on the impact of currency exchange on our Consolidated Financial Statements appears in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Financial information showing net sales and total long-lived assets by geographic region for each of the three years ended December 31, 2015 appears in Note 4, “Segments,” which information is incorporated herein by reference. We maintain programs to comply with the various laws, rules and regulations related to the protection of the environment that we may be subject to in the many countries in which we operate. See Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Environmental Matters.”

Employees

As of December 31, 2015, we had approximately 23,000 employees worldwide. Approximately 6,500 of these employees were in the U.S., with approximately 150 of these employees covered by collective bargaining agreements. Of the approximately 16,500 employees who were outside the U.S., approximately 9,800 were covered by collective bargaining agreements. Collective bargaining agreements related to 11% of our employees, primarily outside the U.S., will expire and we will be engaged in negotiations to attain new agreements. Many of the covered employees are represented by works councils or industrial boards, as is customary in the jurisdictions in which they are employed. We believe that our employee relations are satisfactory.

Marketing, Distribution and Customers

At December 31, 2015, we employed approximately 7,100 sales, marketing and customer service personnel throughout the world who sell and market our products to and through a large number of distributors, fabricators, converters, e-commerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, foodservice businesses, supermarket retailers, lodging, retail, pharmaceutical companies, healthcare facilities, medical device manufacturers, and other manufacturers.

To support our Food Care and New Ventures customers, we operate three Packforum® innovation and learning centers that are located in the U.S., France, and China. At Packforum ® Centers, we assist customers in identifying the appropriate packaging materials and systems to meet their needs. We also offer ideation services, educational seminars, employee training and customized graphic design services to our customers.

To assist our marketing efforts for our Product Care products and to provide specialized customer services, we operate 29 industrial Package Design Centers (PDCs) worldwide within our facilities. These PDCs are staffed with professional packaging engineers and outfitted with drop-testing and other equipment used to develop, test and validate cost-effective package designs to meet each Product Care customer's needs.

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

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

We have no material long-term contracts for the distribution of our products. In 2015, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

Seasonality

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

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

Competition

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

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

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

Our Product Care products compete with similar products made by other manufacturers and with a number of other packaging materials that customers use to provide protection against damage to their products during shipment and storage. Among the competitive materials are various forms of paper packaging products, expanded plastics, corrugated die cuts, strapping, envelopes, reinforced bags, boxes and other containers, and various corrugated materials, as well as various types of molded foam plastics, fabricated foam plastics, mechanical shock mounts, wood blocking and bracing systems, and a portfolio of automated packaging and fulfillment systems. We believe that we are one of the leading suppliers of air cellular cushioning materials containing a barrier layer, inflatable packaging, suspension and retention packaging, shrink films for industrial and commercial applications, protective mailers, polyethylene foam and polyurethane foam packaging systems in the principal geographic areas in which we sell these products. Additionally, due to internal technology development investments and due to the acquisition of B+ Equipment in 2015, we are a leader in automated void reduction systems technology and automated mailer technology.

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

Raw Materials and Purchasing

Suppliers provide raw materials, packaging components, contract manufactured goods, equipment and other direct materials, such as inks, films and paper. Our principal raw materials are polyolefin and other petrochemical-based resins, as well as chemicals such as caustic soda, solvents, waxes, phosphates, surfactants, chelates, fragrances, paper and wood pulp products. Raw materials represent approximately one-third of our consolidated cost of sales. We also purchase corrugated materials, cores for rolls of products such as films and Bubble Wrap ® brand cushioning, inks for printed materials, 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 purchase some materials used in our packaging products from materials recycled in our manufacturing operations or obtained through participation in recycling programs. Although we purchase some raw materials under long-term supply arrangements with third parties, these arrangements follow market forces and are in line with our overall global purchasing strategy, which seeks to balance the cost of acquisition and availability of supply.

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

Research and Development Activities

We maintain a continuing effort to develop new products and improve our existing products and processes, including developing new packaging, chemical formulations and equipment, and related applications, using our intellectual property. From time to time, we also license or acquire technology developed by others. Our research and development projects rely on our technical capabilities in the areas of food science, materials science, chemistry and chemical engineering, package design and equipment engineering. Our research and development expense was $129 million in 2015, $135 million in 2014 and $133 million in 2013.

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

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

Patents and Trademarks

We are the owner or licensee of an aggregate of over 4,000 U.S. and foreign patents and patent applications, as well as an aggregate of over 10,600 United States and foreign trademark registrations and trademark applications that relate to many of our products, manufacturing processes and equipment. We believe that our patents and trademarks collectively provide a competitive advantage. We file annually an average of 200 U.S. and foreign patent applications and 400 U.S. and foreign trademark applications. None of our reportable segments is dependent upon any single patent or trademark alone. Rather, we believe that our success depends primarily on our sales and service, marketing, engineering and manufacturing skills and on our ongoing research and development efforts. We believe that the expiration or unenforceability of any of our patents, applications, licenses or trademark registrations would not be material to our business or consolidated financial condition.

Environmental, Health and Safety Matters

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

In some jurisdictions in which our packaging products are sold or used, laws and regulations have been adopted or proposed that seek to regulate, among other things, minimum levels of recycled or reprocessed content and, more generally, the sale or disposal of packaging materials. We maintain programs designed to comply with these laws and regulations and to monitor their evolution. Various federal, state, local and foreign laws and regulations regulate some of our products and require us to register certain products and comply with specified requirements. In the U.S., we must register our sanitizing and disinfecting products with the U.S. Environmental Protection Agency (“EPA”). We are also subject to various federal, state, local and foreign laws and regulations that regulate products manufactured and sold by us for controlling microbial growth on humans, animals and processed foods. In the U.S., these requirements are generally administered by the U.S. Food and Drug Administration (“FDA”). To date, the cost of complying with product registration requirements and FDA compliance has not had a material adverse effect on our business, financial condition, results of operations or cash flows.

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

Available Information

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

Item 1A. Risk Factors
Introduction

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

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

Uncertain global economic conditions have had and may continue to have an adverse impact on our business in the form of lower net sales due to weakened demand, unfavorable changes in product price/mix, or lower profit margins. For example, global economic downturns have adversely impacted some of our end-users and customers, such as food processors, distributors, supermarket retailers, hotels, restaurants, retail establishments, other retailers, business service contractors and e-commerce and mail order fulfillment firms, and other end-users that are particularly sensitive to business and consumer spending.

During economic downturns or recessions, there can be a heightened competition for sales and increased pressure to reduce selling prices as our customers may reduce their volume of purchases from us. If we lose significant sales volume or reduce selling prices significantly, then there could be a negative impact on our consolidated financial condition or results of operations, profitability and cash flows.

Also, reduced availability of credit may adversely affect the ability of some of our customers and suppliers to obtain funds for operations and capital expenditures. This could negatively impact our ability to obtain necessary supplies as well as our sales of materials and equipment to affected customers. This also could result in reduced or delayed collections of outstanding accounts receivable.

The global nature of our operations exposes us to numerous risks that could materially adversely affect our consolidated financial condition and results of operations.

We operate in 62 countries, and our products are distributed in those countries as well as in other parts of the world. A large portion of our manufacturing operations are located outside of the U.S. and a majority of our net sales are generated outside of the U.S. These operations, particularly in developing regions, are subject to various risks that may not be present or as significant for our U.S. operations. Economic uncertainty in some of the geographic regions in which we operate, including developing regions, could result in the disruption of commerce and negatively impact cash flows from our operations in those areas.

Risks inherent in our international operations include:

- foreign currency exchange controls and tax rates;
- foreign currency exchange rate fluctuations, including devaluations;
- the potential for changes in regional and local economic conditions, including local inflationary pressures;
- restrictive governmental actions such as those on transfer or repatriation of funds and trade protection matters, including antidumping duties, tariffs, embargoes and prohibitions or restrictions on acquisitions or joint ventures;
- changes in laws and regulations, including the laws and policies of the U.S. affecting trade and foreign investment;
- the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;

variations in protection of intellectual property and other legal rights;
more expansive legal rights of foreign unions or works councils;
changes in labor conditions and difficulties in staffing and managing international operations;
import and export delays caused, for example, by an extended strike at the port of entry, could cause a delay in our supply chain operations;
social plans that prohibit or increase the cost of certain restructuring actions;

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- the potential for nationalization of enterprises or facilities; and
- unsettled political conditions and possible terrorist attacks against U.S. or other interests.

In addition, there are potential tax inefficiencies and tax costs in repatriating funds from our non-U.S. subsidiaries.

These and other factors may have a material adverse effect on our international operations and, consequently, on our consolidated financial condition or results of operations.

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

Approximately 62% of our net sales in 2015 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. As a result, the Company is exposed to currency fluctuations both in receiving cash from its international operations and in translating its financial results back to U.S. dollars. During periods of a strengthening U.S. dollar, our reported international sales and net earnings could be reduced because foreign currencies may translate into fewer U.S. dollars. The Company cannot predict the effects of exchange rate fluctuations on its future operating results. As exchange rates vary, the Company's results of operations and profitability may be harmed. While we use financial instruments to hedge certain foreign currency exposures, this does not insulate us completely from foreign currency effects and exposes us to counterparty credit risk for non-performance. See Note 12, “Derivatives and Hedging Activities.” Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial effect resulting from foreign currency variations. The gains or losses associated with hedging activities may harm the Company's results of operations.

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

We have recognized foreign exchange gains and losses related to the currency devaluations in Venezuela and its designation as a highly inflationary economy under U.S. GAAP. See Note 2. “Summary of Significant Accounting Policies and Recently Issued Accounting Standards — Impact of Inflation and Currency Fluctuation— Venezuela.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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- unable to raise additional debt or equity financing to operate during general economic or business downturns or to repay other indebtedness when it becomes due; or
- unable to compete effectively or to take advantage of new business opportunities.

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

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

Borrowings under our senior secured credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 31, 2015, we had $1.264 billion of borrowings under our senior secured credit facilities at variable interest rates. A 1/8% increase or decrease in the assumed interest rates on the senior secured credit facilities would result in a $1.6 million increase or a $1.6 million decrease in annual interest expense. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

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

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

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

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

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

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

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

Our most significant deferred tax asset is our foreign tax credit carryforwards. The benefit from the amount carried forward may depend upon many factors, including the jurisdictional mix of our anticipated future earnings. A reduction in our anticipated U.S. earnings, or an unfavorable mix of domestic versus foreign-sourced U.S earnings may change our foreign tax credit position which could result in a significant increase in our effective tax rate and could have a material adverse effect on our consolidated results of operations in the periods in which any such condition occurs. In addition, changes in statutory tax rates or other legislation or regulation may change our deferred tax assets or liability balances, with either favorable or unfavorable impacts on our effective tax rate.

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

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

The effects of animal and food-related health issues, such as Porcine Epidemic Diarrhea or “PED”, bovine spongiform encephalopathy, also known as “mad cow” disease, foot-and-mouth disease, avian influenza or “bird-flu”, as well as other health issues affecting the food industry, may lead to decreased revenues.

We manufacture and sell food packaging products, among other products. Various health issues affecting the food industry have in the past and may in the future have a negative effect on the sales of food packaging products. In recent years, occasional cases of PED and “mad cow” disease have been confirmed and incidents of bird-flu have surfaced in various countries. Outbreaks of animal diseases may lead governments to restrict exports and imports of potentially affected animals and food products, leading to decreased demand for our products and possibly also to the culling or slaughter of significant numbers of the animal population otherwise intended for food supply. Also, consumers may change their eating habits as a result of perceived problems with certain types of food. These factors may lead to reduced sales of food packaging products, which could have a material adverse effect on our consolidated financial condition or results of operations.

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

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

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Although the Settlement agreement (as defined in Note 17, "Commitments and Contingencies") has been implemented and we have been released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace (as defined below), if the courts were to refuse to enforce the injunctions or releases contained in the Plan (as defined below) and the Settlement agreement with respect to any claims and if Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and results of operations. We are also a defendant in a number of asbestos-related actions in Canada arising from Grace's activities in Canada prior to the 1998 transaction.

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

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

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

On February 3, 2014 (the "Effective Date"), the Plan implementing the Settlement agreement became effective with Grace emerging from bankruptcy. In accordance with the Plan and the Settlement agreement, on the Effective Date, Cryovac, Inc. made aggregate cash payments in the amount of $929.7 million to the WRG Asbestos PI Trust (the "PI Trust") and the WRG Asbestos PD Trust (the "PD Trust") and transferred 18 million shares of Sealed Air common stock to the PI Trust, in each case reflecting adjustments made in accordance with the Settlement agreement. Under the Plan, the Preliminary Injunction remained in place through the Effective Date and, on the Effective Date, the Plan and Settlement agreement injunctions and releases with respect to asbestos claims and certain other claims became effective. Following the Effective Date, the Bankruptcy Court issued an order dismissing the proceedings pursuant to which the Preliminary Injunction was issued. The Plan further provides for the channeling of existing and future asbestos claims to the PI Trust or the PD Trust, as applicable. In addition, under the Plan and the Settlement agreement, Grace is required to indemnify us with respect to asbestos and certain other liabilities. Notwithstanding the foregoing, and although we believe the possibility to be remote, if any courts were to refuse to enforce the injunctions or releases contained in the Plan and the Settlement agreement with respect to any claims, and if, in addition, Grace were unwilling or unable to defend and indemnify us for such claims, then we could be required to pay substantial damages, which could have a material adverse effect on our consolidated financial condition and results of operations.

Since November 2004, the Company and specified subsidiaries have been named as defendants in a number of cases, including a number of putative class actions, brought in Canada as a result of Grace's alleged marketing, manufacturing or distributing of asbestos or asbestos containing products in Canada prior to the Cryovac transaction in 1998. Grace has agreed to defend and indemnify us and our subsidiaries in these cases. A global settlement of these Canadian claims to be funded by Grace has been approved by the Canadian court, and the Plan provides for payment of these claims. We do not have any positive obligations under the Canadian settlement, but we are a beneficiary of the release of claims. The release in favor of the Grace parties (including us) became operative upon the effective date of a plan of reorganization in Grace's United States Chapter 11 bankruptcy proceeding. As filed, the Plan contemplates that the claims released under the Canadian settlement will be subject to injunctions under Section 524(g) of the Bankruptcy Code. As indicated above, the Bankruptcy Court entered the Bankruptcy Court Confirmation Order on January 31, 2011 and the Clarifying Order on February 15, 2011 and the District Court entered the Original District Court Confirmation Order on January 30, 2012 and the Amended District Court Confirmation Order on June 11, 2012. The Canadian Court issued an Order on April 8, 2011 recognizing and giving full effect to the Bankruptcy Court's Confirmation Order in all provinces and territories of Canada in accordance with the Bankruptcy Court Confirmation Order's terms. As described above, the Plan became effective on February 3, 2014. In accordance with an order of the Canadian court, on the Effective Date the actions became permanently stayed until they are amended to remove the Grace parties as named defendants. Two actions were dismissed by the Manitoba court as against the Grace parties on February 19, 2014. The remaining actions were either dismissed or discontinued with prejudice by the Canadian courts as against the Grace parties in May and June 2015, but for two actions in the Province of Quebec, for which motions to dismiss are pending. Notwithstanding the foregoing, and although we believe the possibility to be remote, if the Canadian courts refuse to enforce the final plan of reorganization in the Canadian courts, and if in addition Grace is unwilling or unable to defend and indemnify us and our subsidiaries in these cases, then we could be required to pay damages, which we cannot estimate at this time. For further information concerning these matters, see Note 17, "Commitments and Contingencies."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approximately 62% of our net sales in 2015 were generated outside the United States. We translate sales and other results denominated in foreign currency into U.S. dollars for our Consolidated Financial Statements. During periods of a strengthening U.S. dollar, our reported international sales and net earnings could be reduced because foreign currencies may translate into fewer U.S. dollars.

Also, while we often produce in the same geographic markets as our products are sold, expenses are more concentrated in the U.S. than sales, so that in a time of strengthening of the U.S. dollar, our profit margins could be reduced. While we use financial instruments to hedge certain foreign currency exposures, this does not insulate us completely from foreign currency effects and exposes us to counterparty credit risk for non-performance. See Note 12, “Derivatives and Hedging Activities.”

We have recognized foreign exchange gains and losses related to the currency devaluations in Venezuela and its designation as a highly inflationary economy under U.S. GAAP. See Note 2. “Summary of Significant Accounting Policies and Recently Issued Accounting Standards — Impact of Inflation and Currency Fluctuation— Venezuela.”

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

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

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

For example, under Section 1502 of the Dodd-Frank Act, the SEC has adopted additional disclosure requirements related to the source of certain “conflict minerals” for issuers for which such “conflict minerals” are necessary to the functionality or product manufactured, or contracted to be manufactured, by that issuer. The metals covered by the rules include tin, tantalum, tungsten and gold, commonly referred to as “3TG.” Our suppliers may use some or all of these materials in their production processes. The SEC's rules require us to perform due diligence on our suppliers.

Global supply chains can have multiple layers, thus the costs of complying with these requirements could be substantial. These requirements may also reduce the number of suppliers who provide conflict free metals, and may affect our ability to obtain products in sufficient quantities or at competitive prices. Compliance costs and the unavailability of raw materials could have a material adverse effect on our results of operations.

As another example, the Affordable Care Act (the "ACA"), which was adopted in 2010 and is being phased in over several years, significantly affects the provision of both healthcare services and benefits in the U.S.; the ACA may impact our cost of providing our employees and retirees with health insurance and/or benefits, and may also impact various other aspects of our business. We provide benefits to our employees which are competitive within the industries in which we operate. The ACA did not have a material impact on our consolidated financial position or results of operations in 2015, 2014 or 2013; however, we are continuing to assess the impact of the ACA on our healthcare benefit costs. The regulatory environment is still developing, and the potential exists for future legislation and regulations to be adopted. These developments, as well as the increasingly strict regulatory environment, may also adversely affect the customers to which, and the markets into which, we sell our products, and increase our costs and otherwise negatively affect our business, consolidated financial condition or results of operations, including in ways that cannot yet be foreseen.

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

Our overall effective income tax rate is equal to our total tax expense as a percentage of total earnings before tax. However, income tax expense and benefits are not recognized on a global basis but rather on a jurisdictional or legal entity basis. Losses in one jurisdiction may not be used to offset profits in other jurisdictions and may cause an increase in our tax rate. Changes in the mix of earnings (or losses) between jurisdictions and assumptions used in the calculation of income taxes, among other factors, could have a significant effect on our overall effective income tax rate.

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

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

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

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

A major loss of or disruption in our manufacturing and distribution operations or our information systems and telecommunication resources could adversely affect our business, consolidated financial condition or results of operations.

If we experienced a natural disaster, such as a hurricane, tornado, earthquake or other severe weather event, or a casualty loss from an event such as a fire or flood, at one of our larger strategic facilities or if such event affected a key supplier, our supply chain or our information systems and telecommunication resources, then there could be a material adverse effect on our consolidated financial condition or results of operations. We are dependent on internal and third party information technology networks and systems, including the Internet, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for fulfilling and invoicing customer orders, applying cash receipts, and placing purchase orders with suppliers, making cash disbursements, and conducting digital marketing activities, data processing and electronic communications among business locations.

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

As a result of previous acquisitions, including Diversey, we recorded a significant amount of additional goodwill and other identifiable intangible assets and we may never realize the full carrying value of these assets.

As a result of certain acquisitions, including 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.

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

Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. In addition to the risk of substantial monetary judgments, product liability claims or regulatory actions could result in negative publicity that could harm our reputation in the marketplace or adversely impact the value of our brands or our ability to sell our products in certain jurisdictions. We could also be required to recall possibly defective products, or voluntarily do so, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, potential product liabilities claims could be excluded or exceed coverage limits under the terms of our insurance policies or could result in increased costs for such coverage.

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

Diversey is party to various agreements with SCJ under which it is granted a license in specified territories to sell certain SCJ products and use specified trade names owned by SCJ in the institutional and industrial channels of trade and, subject to certain limitations, in specified channels of trade in which both our Diversey Care segment and SCJ’s consumer business operate, which expires in 2017. Although the term of this agreement may be extended, it is uncertain the parties will agree to do so. If we default under our agreements with SCJ and the agreements are terminated, we are not able to amicably resolve any disputes in accordance with the terms of the agreements, SCJ fails to perform its obligations under these agreements, or our relationship with SCJ is otherwise damaged or severed, this could have a material adverse effect on our Diversey Care segment, consolidated financial condition or results of operations.

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

Diversey is a party to various agreements with Unilever under which it is granted a license to produce and sell professional size packs of Unilever’s consumer brand cleaning products in the institutional and industrial channels of trade, which expires at the end of 2017 (with the exception of a sub-set of the UK business which expires at the end of 2022). Although the term of this agreement may be extended, it is uncertain that the parties will agree to do so. In addition, Diversey also holds licenses to use some trademarks and technology of Unilever in the market for institutional and industrial cleaning, sanitation and hygiene products and related services. If we default under our agreements with Unilever and the agreements are terminated, Unilever fails to perform its obligations under these agreements, or our relationship with Unilever is otherwise damaged or severed, this could have a material adverse effect on our Diversey Care segment, consolidated financial condition or results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments
None.

Item 2. Properties

We manufacture products in 103 facilities, with 30 of those facilities serving more than one of our business segments and our Medical and Other categories of products. The geographic dispersion of our manufacturing facilities is as follows:

Geographic Region	Number of Manufacturing Facilities
North America	38
Europe, Middle East and Africa ("EMEA")	33
Latin America	13
Asia, Australia and New Zealand ("APAC")	19
Total	103

Manufacturing Facilities by Reportable Segment and Other

Food Care: We produce Food Care products in 47 manufacturing facilities, of which 8 are in North America, 17 in EMEA, 10 in Latin America and 12 in APAC.

Diversey Care: We produce Diversey Care products in 22 manufacturing facilities, of which 6 are in North America, 8 in EMEA, 3 in Latin America, and 5 in APAC.

Product Care: We produce Product Care products in 62 manufacturing facilities, of which 27 are in North America, 21 in EMEA, 4 in Latin America and 10 in APAC.

Medical and Other: We produce medical applications and other products in 5 manufacturing facilities, of which 2 are in North America and 3 are in EMEA.

Other Property Information

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

We also occupy facilities containing sales, distribution, technical, warehouse or administrative functions at a number of locations in the U.S. and in many foreign countries. Some of these facilities are located on the manufacturing sites that we own and some on those that we lease. Stand-alone facilities of these types are generally leased. Our global headquarters are currently located in a leased facility in Charlotte, North Carolina. We began construction of our permanent facility, which is anticipated to be completed by the first quarter of 2017. For a list of those countries outside of the U.S. where we have operations, see “Global Operations” above.

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

Item 3. Legal Proceedings

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

At December 31, 2015, 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, 2015, environmental related reserves were not material to our consolidated financial condition or results of operations. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to us and our experience in dealing with these matters, we believe that our potential future liability with respect to these sites is not material to our consolidated financial condition or results of operations.

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

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant

The information appearing in the table below sets forth the current position or positions held by each of our executive officers, the officer's age as of January 31, 2016, the year in which the officer was first elected to the position currently held with us or with the former Sealed Air Corporation, now known as Sealed Air Corporation (US) and a wholly-owned subsidiary of the Company, and the year in which such person was first elected an officer. All of our officers serve at the pleasure of the Board of Directors.

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

Name and Current Position	Age as of January 31, 2016	First Elected to Current Position	First Elected an Officer
Jerome A. Peribere President, Chief Executive Officer and Director	61	2013	2012
Carol P. Lowe Senior Vice President and Chief Financial Officer	50	2012	2012
Emile Z. Chammas Senior Vice President	47	2010	2010
Kenneth P. Chrisman Vice President	51	2014	2014
Karl R. Deily Vice President	58	2006	2006
Norman D. Finch Jr. Vice President, General Counsel and Secretary	51	2013	2013
Ilham Kadri Vice President	47	2013	2013
Ruth Roper Vice President	61	2004	2004
William G. Stiehl Chief Accounting Officer and Controller	54	2013	2013

Prior to being elected as an officer in August 2014, Mr. Chrisman served in a variety of management positions with the Company, including Global Vice President of Cushioning Solutions, Vice President and General Manager of Global Specialty Foams and Vice President of Customer Equipment. Mr. Chrisman has been an employee of the Company for 28 years.

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

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

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

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

Prior to joining the Company in June 2012, Ms. Lowe was the President of Carlisle Food Service Products, a subsidiary of Carlisle Companies Incorporated, a global diversified manufacturing company from August 2011 through June 2012. Ms. Lowe worked for Carlisle Companies Inc. for over ten years in a number of leadership positions including President of two business units, Vice President and Chief Financial Officer, and Treasurer. Ms. Lowe also served as a board member of Cytec Industries, Inc. from October 2007 through December 2015.

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.

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 2015 and 2014.

2015	High	Low	Dividend
First Quarter	$48.44	$38.42	$ 0.13
Second Quarter	52.68	43.43	0.13
Third Quarter	55.84	45.39	0.13
Fourth Quarter	52.73	41.81	0.13

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

As of January 31, 2016, there were approximately 4,333 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 2008.

	Total Cash Dividends Paid (In millions)	Total Cash Dividends Paid per Common Share
2008	$ 76.4	$ 0.48
2009	75.7	0.48
2010	79.7	0.50
2011	87.4	0.52
2012	100.9	0.52
2013	102.0	0.52
2014	110.9	0.52
2015	106.8	0.52

Total	$	739.8

On February 17, 2016, our Board of Directors declared a quarterly cash dividend of $0.13 per common share payable on March 18, 2016 to stockholders of record at the close of business on March 4, 2016. The estimated amount of this dividend payment is $25 million based on 196 million shares of our common stock issued and outstanding as of January 31, 2016.

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, 2015, the cumulative total return on an investment of $100 assumed to have been made on December 31, 2010 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; Monsanto Company; The Mosaic Company; Owens-Illinois, Inc.; PPG Industries, Inc.; Praxair, Inc.; The Sherwin-Williams Company; and Sonoco Products Co.

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

Issuer Purchases of Equity Securities

The table below sets forth the total number of shares of our common stock, par value $0.10 per share, that we repurchased in each month of the quarter ended December 31, 2015, 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 Shares Purchased as Part of Announced Plans or Programs (c)	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (d)
Balance as of September 30, 2015				$ 960,424,395
October 1, 2015 through October 31, 2015	255,467	$ 49.22	243,793	948,424,516
November 1, 2015 through November 30, 2015	1,410,311	45.99	1,396,904	884,181,184
December 1, 2015 through December 31, 2015	8,394	—	—	884,181,184
Total	1,674,172	$ 46.47	1,640,697	$ 884,181,184

[1] We acquired shares by means of (a) share trading plans we entered into with our brokers and pursuant to our publicly announced program (described below), (b) shares withheld from awards under our Omnibus Incentive Plan (the successor plan to our 2005 Contingent Stock Plan) pursuant to the provision thereof that permits minimum tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (e) shares reacquired pursuant to the forfeiture provision of our Omnibus Incentive Plan. We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable. For shares withheld for minimum tax withholding obligations or other legally required charges, we withhold shares at a price equal to their fair market value. We do not make payments for shares reacquired by the Company pursuant to the forfeiture provision of the Omnibus Incentive Plan as those shares are simply forfeited.

Period	Shares withheld for tax obligations and charges (a)	Average withholding price for shares in column “a” (b)	Forfeitures under Omnibus Incentive Plan (c)	Total (d)
October 2015	9,244	$ 48.88	2,430	11,674
November 2015	—	—	13,407	13,407
December 2015	1,324	42.69	7,070	8,394
Total	10,568		22,907	33,475

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. This program had no set expiration date. This program replaced our prior share repurchase program, which we terminated at that time.

On July 9, 2015, the Board of Directors authorized a new stock repurchase program to repurchase up to $1.5 billion of the Company's issued and outstanding common stock. This new program replaced the previous stock repurchase program approved in August 2007. This program has no set expiration date. Please also refer to the "Repurchases of Capital Stock" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in Part II, Item 7 of this Form 10 K.

Item 6. Selected Financial Data

	Year Ended December 31,				
(In millions, except share data)	2015	2014[1][2]	2013[1][2]	2012[1][2][5]	2011[1][2][3]
Consolidated Statements of Operations Data[4]:					
Net sales	$7,031.5	$7,750.5	$7,690.8	$7,559.2	$5,467.3
Gross profit	2,586.6	2,687.6	2,589.9	2,520.5	1,585.5
Impairment of goodwill and other intangible assets	—	—	—	1,892.3	—
Operating profit (loss)	763.4	653.6	604.6	(1,429.5)	425.7
Loss on debt redemption	(110.0)	(102.5)	(36.3)	(36.9)	—
Earnings (loss) from continuing operations before income tax provision	425.9	267.2	180.2	(1,884.4)	194.3
Net earnings (loss) from continuing operations	335.4	258.1	95.3	(1,619.0)	135.7
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	$335.4	$258.1	$125.8	$(1,411.4)	$152.1
Basic and diluted net earnings (loss) per common share:					
Basic					
Continuing operations	$1.63	$1.22	$0.49	$(8.40)	$0.81
Discontinued operations	—	—	0.16	1.08	0.10
Net earnings (loss) per common share—basic	$1.63	$1.22	$0.65	$(7.32)	$0.91
Diluted					
Continuing operations	$1.62	$1.20	$0.44	$(8.40)	$0.73
Discontinued operations	—	—	0.14	1.08	0.09
Net earnings (loss) per common share—diluted	$1.62	$1.20	$0.58	$(7.32)	$0.82
Common stock dividends	$108.7	$111.8	$102.6	$101.4	$88.7
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$358.4	$286.4	$992.4	$679.6	$703.6
Goodwill	2,909.5	2,996.9	3,114.6	3,151.2	4,168.2
Intangible assets, net	784.3	872.2	1,016.9	1,131.6	2,027.6
Total assets	7,426.0	7,953.2	9,176.0	9,371.0	11,473.1
Settlement agreement and related accrued interest	—	—	925.1	876.9	831.2
Long-term debt, less current portion	4,302.7	4,282.0	4,116.4	4,540.8	4,966.7
Total stockholders' equity	527.1	1,162.8	1,416.3	1,468.5	2,977.7
Working capital (current assets less current liabilities)	408.5	891.4	758.7	993.6	952.8
Consolidated Cash Flows Data[4]:					
Net cash provided by (used in) operating activities	$967.7	$(214.7)	$640.4	$394.2	$363.1
Net cash (used in) provided by investing activities	(60.0)	(126.3)	(113.9)	(114.9)	(2,365.7)
Net cash (used in) provided by financing activities	(775.3)	(327.6)	(319.9)	(585.1)	2,016.4
Other Financial Data:					
Depreciation and amortization	$213.3	$266.7	$283.4	$300.2	$182.7
Share-based incentive compensation	61.2	54.1	24.1	16.9	25.0
Capital expenditures	184.0	153.9	116.0	122.8	121.7

(1) During the second quarter of 2015, we determined certain amounts related to foreign currency gains and losses, including the remeasurement loss related to Venezuelan subsidiaries in 2014, and the settlement of foreign currency forward contracts were misclassified on the Consolidated Statement of Cash Flows. See Note 2, "Summary of

Significant Accounting Policies – Basis of Presentation" for additional details regarding this revision.

(2) Operating results for the rigid medical packaging business were reclassified to discontinued operations in 2013, 2012 and 2011 and related assets and liabilities were reclassified to assets and liabilities held for sale as of December 31, 2012 and 2011. Operating results for Diversey Japan were reclassified to discontinued operations for the periods in 2012 and 2011 beginning October 3, 2011. See Note 3, "Divestitures and Acquisitions," for further information about the sale of our rigid medical packaging business in 2013.

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

(4) See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for a discussion of the factors that contributed to our consolidated operating results and our consolidated cash flows for the three years ended December 31, 2015.

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(5) During 2012, we recorded a goodwill impairment charge of $883 million for Diversey Care and $208 million for Hygiene Solutions. In addition, we recorded an $801 million impairment charge related to the Company's trademarks, customer relationships and certain technology during 2012.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
The information in this MD&A should be read together with our Consolidated Financial Statements and related notes set forth in Part II, Item 8, as well as the discussion included in Part I, Item 1A, "Risk Factors," of this Annual Report on Form 10-K. All amounts and percentages are approximate due to rounding and all dollars are in millions, except per share amounts.

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

We report our segment information in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 280, "Segment Reporting," ("FASB ASC Topic 280"). The Company's segment reporting structure consists of three reportable segments and an "Other" category and is as follows:

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

See Note 4, "Segments" for further information.

Overview

We are a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measureable, sustainable value to our customers, employees and investors. We have widely recognized and inventive brands such as Cryovac® packaging technology, Diversey® and TASKI® brand cleaning and hygiene solutions and our Bubble Wrap ® brand cushioning, Jiffy® protective mailers, and Instapak® foam-in-place systems.

As of December 31, 2015, we employed approximately 7,100 sales, marketing and customer service personnel throughout the world who sell and market our products to and through a large number of distributors, fabricators, converters, e-commerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, foodservice businesses, supermarket retailers, lodging, retail pharmaceutical companies, healthcare facilities, medical device manufacturers, and other manufacturers. We have no material long-term contracts for the distribution of our products. In 2015, no customer or affiliated group of customers accounted for 10% or more of our consolidated net sales.

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

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

Competition for most of our packaging products is based primarily on packaging performance characteristics, service and price. Since competition is also based upon innovations in packaging technology, we maintain ongoing research and development programs to enable us to maintain technological leadership. Our Food Care hygiene solutions and Diversey Care solutions businesses face a wide spectrum of competitors across each product category. Competition is both global and regional in scope and includes numerous small, local competitors with limited product portfolios and geographic reach. For more details, see “Competition” included in Part I, Item 1 “Business.”

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

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

Highlights of Financial Performance

Below are the highlights of our financial performance for the three years ended December 31, 2015.

	Year Ended December 31,			2015 vs. 2014	2014 vs. 2013
(In millions, except per share amounts)	2015	2014	2013	% Change	% Change
Net sales	$7,031.5	$7,750.5	$7,690.8	(9.3)%	0.8%
Gross profit	$2,586.6	$2,687.6	$2,589.9	(3.8)%	3.8%
As a % of net sales	36.8%	34.7%	33.7%		
Operating profit	$763.4	$653.6	$604.6	16.8%	8.1%
As a % of net sales	10.9%	8.4%	7.9%		
Net earnings from continuing operations	$335.4	$258.1	$95.3	29.9%	#%
Net earnings per common share from continuing operations – basic	$1.63	$1.22	$0.49	33.6%	#%
Net earnings per common share from continuing operations – diluted	$1.62	$1.20	$0.44	35.0%	#%
Weighted average number of common shares outstanding:					
Basic	203.9	210.0	194.6		
Diluted	206.7	213.9	214.2		
Non-U.S. GAAP Adjusted EBITDA[1]	$1,174.1	$1,118.3	$1,040.5	5.0%	7.5%
Non-U.S. GAAP Adjusted EPS [2] [3]	$2.59	$1.86	$1.39	39.2%	33.8%

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

(1) See Note 4, "Segments" for a reconciliation of Non-U.S. GAAP Adjusted EBITDA to U.S. GAAP net earnings.

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

(3)

Represents U.S. GAAP EPS adjusted for the net effect of special items, which are certain specified infrequent, non-operational or one-time costs/credits.

Diluted Net Earnings per Common Share

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

	Year Ended December 31,					
	2015		2014		2013	
(In millions, except per share data)	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
U.S. GAAP net earnings and EPS from continuing operations [1]	$335.4	$1.62	$258.1	$1.20	$95.3	$0.44
Special items[2]	200.7	0.97	140.8	0.66	203.8	0.95
Non-U.S. GAAP adjusted net earnings and adjusted EPS from continuing operations	$536.1	$2.59	$398.9	$1.86	$299.1	$1.39
Weighted average number of common shares outstanding – Diluted		206.7		213.9		214.2

[1] Net earnings per common share are calculated under the two-class method.

[2] Special items are certain specified infrequent, non-operational or one-time costs/credits that are included in our U.S. GAAP reported results.

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For 2015, special items primarily included restructuring and other associated costs related to our restructuring programs of $121 million ($92 million, net of taxes), loss on debt redemption and refinancing activities of $110 million ($68 million, net of taxes), foreign currency exchange losses related to Venezuelan subsidiaries of $33 million ($33 million, net of taxes) and $17 million related to tax reserves, which included a tax reserve recorded related to the tax refund received on the Settlement agreement, which was partially offset by the release of certain tax reserves for which the statute of limitations has expired and were recorded at the time of the Diversey Holdings, Inc. acquisition. These amounts were partially offset by the net gain on the sale of our North American foam trays and absorbent pads business and European food trays business of $13 million ($5 million, net of taxes).

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

For 2013, special items primarily included restructuring and other associated costs related to our restructuring programs of $100 million ($77 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).

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

	Year Ended December 31,					
	2015		2014		2013	
(In millions)	Provision	Effective Tax Rate	Provision	Effective Tax Rate	Provision (Benefit)	Effective Tax Rate
U.S. GAAP	$90.5	21.2 %	$9.1	3.4 %	$84.9	47.1 %
Tax effect on special items [(1)]	45.5		103.9		(6.7)	
Non-U.S. GAAP[(2)]	$136.0	20.2 %	$113.0	22.1 %	$78.2	20.7 %

(1) Represents the tax effect on special items recorded in the reconciliation of our U.S. GAAP earnings to our non-U.S. GAAP earnings, as discussed in the table above.

(2) Our Adjusted Tax Rate is defined as the effective income tax rate on non-U.S. GAAP Adjusted Net Earnings.

Foreign Currency Translation Impact on Consolidated Financial Results

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

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

(In millions)	2015 vs. 2014	2014 vs. 2013
Net sales	$(764.0)	$(183.3)
Cost of sales	$491.5	$125.1
Selling, general and administrative expenses	$165.8	$29.5
Net earnings from continuing operations	$(62.2)	$(18.2)
Adjusted EBITDA	$(125.8)	$(30.1)

Net Sales by Geographic Region

As previously announced, the Company underwent a reorganization of its AMAT region (which consisted of Asia, Middle East, Africa and Turkey). This reorganization involved transitioning the previously reported AMAT region to an Asia Pacific (APAC) region, which now includes Asia, Australia and New Zealand and moving the Middle East, Africa and Turkey countries into the Company's existing European regional organization, now referred to as EMEA. This took effect beginning in the second quarter of 2015. Prior period information has been revised to conform to current year presentation. Net sales by geographic region for three years ended December 31, 2015 as follows:

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
North America	$2,923.2	$3,071.9	$3,004.9	(4.8)%	2.2%
As a % of net sales	41.6%	39.6%	39.1%		
EMEA[1]	$2,410.4	$2,783.2	$2,770.7	(13.4)%	0.5%
As a % of net sales	34.3%	35.9%	36.0%		
Latin America	$695.8	$807.5	$840.7	(13.8)%	(3.9)%
As a % of net sales	9.9%	10.4%	10.9%		
APAC[2]	$1,002.1	$1,087.9	$1,074.5	(7.9)%	1.2%
As a % of net sales	14.2%	14.1%	14.0%		
Total	$7,031.5	$7,750.5	$7,690.8	(9.3)%	0.8%

[1] EMEA = Europe, Middle East and Africa
[2] APAC = Asia, Australia, and New Zealand

By geographic region, the components of the increase in net sales for 2015 compared with 2014 were as follows:

(in millions)	North America		EMEA		Latin America		APAC		Total	
2014 net sales	$3,071.9		$2,783.2		$807.5		$1,087.9		$7,750.5	
Volume-Units	21.7	0.7%	55.2	2.0%	(51.2)	(6.3)%	15.4	1.4%	41.1	0.5%
Price/mix	28.0	0.9%	34.4	1.2%	102.1	12.6%	11.1	1.0%	175.6	2.3%
Divestiture	(161.0)	(5.2)%	(10.7)	(0.4)%	—	—%	—	—%	(171.7)	(2.2)%
Total constant dollar change (Non-U.S. GAAP)	(111.3)	(3.6)%	78.9	2.8%	50.9	6.3%	26.5	2.4%	45.0	0.6%
Foreign currency translation	(37.4)	(1.2)%	(451.7)	(16.2)%	(162.6)	(20.1)%	(112.3)	(10.3)%	(764.0)	(9.9)%
Total	(148.7)	(4.8)%	(372.8)	(13.4)%	(111.7)	(13.8)%	(85.8)	(7.9)%	(719.0)	(9.3)%
2015 net sales	$2,923.2		$2,410.4		$695.8		$1,002.1		$7,031.5	

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

(in millions)	North America		EMEA		Latin America		APAC		Total	
2013 net sales	$3,004.9		$2,770.7		$840.7		$1,074.5		$7,690.8	
Volume-Units	(0.4)	— %	(2.9)	(0.1)%	(26.4)	(3.1)%	23.8	2.2 %	(5.9)	(0.1)%
Price/mix	86.0	2.9 %	39.2	1.4 %	96.7	11.5 %	27.0	2.5 %	248.9	3.3 %
Divestiture	—	— %	—	— %	—	— %	—	— %	—	— %
Total constant dollar change (Non-U.S. GAAP)	85.6	2.9 %	36.3	1.3 %	70.3	8.4 %	50.8	4.7 %	243.0	3.2 %
Foreign currency translation	(18.6)	(0.7)%	(23.8)	(0.8)%	(103.5)	(12.3)%	(37.4)	(3.5)%	(183.3)	(2.4)%
Total change (U.S. GAAP)	67.0	2.2 %	12.5	0.5 %	(33.2)	(3.9)%	13.4	1.2 %	59.7	0.8 %
2014 net sales	$3,071.9		$2,783.2		$807.5		$1,087.9		$7,750.5	

Net Sales by Segment

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

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
Net Sales:					
Food Care	$3,405.1	$3,835.3	$3,814.2	(11.2)%	0.6%
As a % of Total Company net sales	48.4%	49.5%	49.6%		
Diversey Care	1,999.1	2,173.1	2,160.8	(8.0)%	0.6%
As a % of Total Company net sales	28.4%	28.0%	28.1%		
Product Care	1,540.5	1,655.0	1,610.0	(6.9)%	2.8%
As a % of Total Company net sales	21.9%	21.4%	20.9%		
Total Reportable Segments	6,944.7	7,663.4	7,585.0	(9.4)%	1.0%
Other	86.8	87.1	105.8	(0.3)%	(17.7)%
Total Company	$7,031.5	$7,750.5	$7,690.8	(9.3)%	0.8%

Components of Change in Net Sales by Segment

The following tables present the components of change in net sales by our segment reporting structure for 2015 compared with 2014 and 2014 compared with 2013. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as "constant dollar." We believe using constant dollar measures aids in the comparability between periods as it eliminates the volatility of changes in foreign currency exchange rates.

(in millions)	Food Care		Diversey Care		Product Care		Other		Total Company	
2014 Net Sales	$3,835.3		$2,173.1		$1,655.0		$87.1		$7,750.5	
Volume – Units	52.0	1.3 %	25.7	1.2 %	(37.9)	(2.3)%	1.3	1.5 %	41.1	0.5 %
Price/mix[1]	101.2	2.6 %	41.4	1.9 %	22.1	1.4 %	10.9	12.5 %	175.6	2.3 %
Divestiture	(171.7)	(4.4)%	—	— %	—	— %	—	— %	(171.7)	(2.2)%
Total constant dollar change (Non-U.S. GAAP)	(18.5)	(0.5)%	67.1	3.1 %	(15.8)	(0.9)%	12.2	14.0 %	45.0	0.6 %
Foreign currency translation	(411.7)	(10.7)%	(241.1)	(11.1)%	(98.7)	(6.0)%	(12.5)	(14.3)%	(764.0)	(9.9)%
Total change (U.S. GAAP)	(430.2)	(11.2)%	(174.0)	(8.0)%	(114.5)	(6.9)%	(0.3)	(0.3)%	(719.0)	(9.3)%
2015 Net Sales	$3,405.1		$1,999.1		$1,540.5		$86.8		$7,031.5	

(in millions)	Food Care		Diversey Care		Product Care		Other		Total Company	
2013 Net Sales	$3,814.2		$2,160.8		$1,610.0		$105.8		$7,690.8	
Volume - Units	(16.1)	(0.4)%	27.4	1.3 %	2.6	0.2 %	(19.8)	(18.7)%	(5.9)	(0.1)%
Price/mix[1]	154.2	4.0 %	37.4	1.7 %	55.7	3.5 %	1.6	1.5 %	248.9	3.3 %
Total constant dollar change (Non-U.S. GAAP)	138.1	3.6 %	64.8	3.0 %	58.3	3.7 %	(18.2)	(17.2)%	243.0	3.2 %
Foreign currency translation	(117.0)	(3.0)%	(52.5)	(2.4)%	(13.3)	(0.9)%	(0.5)	(0.5)%	(183.3)	(2.4)%
	21.1	0.6 %	12.3	0.6 %	45.0	2.8 %	(18.7)	(17.7)%	59.7	0.8 %

Total change (U.S. GAAP)					
2014 Net Sales	$3,835.3	$2,173.1	$1,655.0	$87.1	$7,750.5

(1) Our price/mix reported above includes the net impact of our pricing actions and rebates as well as the period-to-period change in the mix of products sold. Also included in our reported product price/mix is the net effect of some of our customers purchasing our products in non-U.S. dollar or euro denominated countries at selling prices denominated in U.S. dollars or euros. This primarily arises when we export products from the U.S. and euro-zone countries. The impact to our reported price/mix of these purchases in other countries at selling prices denominated in U.S. dollars or euros was not material in the periods included in the table above.

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

Food Care

2015 compared with 2014

The $19 million, or 1%, constant dollar decrease in net sales in 2015 compared with 2014 was primarily due to:

- the divestiture of our North American foam trays and absorbent pads and European food trays businesses of $172 million, and
- lower unit volumes in Latin America of $26 million, or 5%, which were negatively impacted by general political and economic conditions in Brazil and Venezuela.

These were partially offset by:

- favorable price/mix in all regions, primarily in Latin America, EMEA, and North America, reflecting favorable results from a better mix of higher margin products and disciplined pricing from the implementation of our pricing and our value-added selling approach to offset non-material inflationary costs; and
- higher unit volumes of $78 million, primarily in EMEA, North America, and APAC, due to strong demand for our higher margin solutions and new product introductions.

2014 compared with 2013

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

- favorable price/mix in all regions, primarily in Latin America, North America, and EMEA, reflecting favorable results from the progression of our pricing and value initiatives implemented to offset increases in raw material costs and non-material inflationary costs; and
- higher unit volumes of $13 million in Europe, due to strong demand for our innovative products, value added solutions and new platforms.

These were partially offset by:

- lower unit volumes of $30 million in Latin America and North America largely attributable to a decline in beef production in North America and PED virus impact related to the pork market in both North America and Mexico.

Diversey Care

2015 compared with 2014

The $67 million, or 3%, constant dollar increase in net sales in 2015 compared with 2014 was primarily due to:

- favorable price/mix in all regions, primarily in Latin America, EMEA and North America. These increases were due to the favorable impact from our effort to eliminate low margin business and improve the quality of our earnings, and
- higher unit volumes in North America and EMEA due to increased sales from our existing and new customers and strong end-market demand, especially in the hospitality, facility management and healthcare sectors.

2014 compared with 2013

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

- favorable product price/mix in Latin America, EMEA and APAC due to the favorable impact from our effort to eliminate low margin business and improve the quality of our earnings.
- higher unit volumes of $32 million in North America, Latin America and APAC due to increased sales as a result of new customers and strong end market demand, especially in the building service contractor, food service and hospitality sectors.

These were partially offset by:

- lower unit volumes in EMEA due to the continuing economic challenges in this region and our customer and product rationalization efforts.

Product Care

2015 compared with 2014

The $16 million, or 1%, constant dollar decrease in net sales in 2015 compared with 2014 was primarily due to:

- lower unit volumes due to rationalization efforts in North America, Latin America and to a lesser extent, EMEA and weaknesses across the industrial sector.

This was partially offset by:

- favorable price/mix in all regions, primarily in North America and Latin America reflecting results from our focus on maintaining pricing disciplines and an increase of sales from high-performance packaging solutions, including cushioning and packaging systems as compared to sales from general packaging solutions, and the progression of our pricing and value initiatives implemented to offset non-material inflationary costs as well as currency devaluation.

2014 compared with 2013

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

- favorable price/mix in all regions, primarily in North America and Latin America reflecting results from our focus on shifting our business from general use towards high-performance packaging solutions, including cushioning and packaging systems, and the progression of our pricing and value initiatives implemented to offset increases in raw material costs and non-material inflationary costs as well as currency devaluation; and
- higher unit volumes, which were reflective of growth in the e-commerce and third-party logistics sectors in all regions, partially offset by lower unit volumes from our sales in our general use products as result of our product rationalization efforts.

Cost of Sales

Cost of sales for the three years ended December 31, 2015 was as follows:

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
Net sales	$7,031.5	$7,750.5	$7,690.8	(9.3)%	0.8%
Cost of sales	4,444.9	5,062.9	5,100.9	(12.2)%	(0.7)%
As a % of net sales	63.2%	65.3%	66.3%		
Gross Profit	$2,586.6	$2,687.6	$2,589.9	(3.8)%	3.8%

2015 compared with 2014

Cost of sales was impacted by favorable foreign currency translation of $492 million. On a constant dollar basis, cost of sales decreased $126 million, or 3%, primarily due to:

- the divestiture of the North American foam trays and absorbent pads business and the European food trays business of $140 million; and
- the favorable impact of $31 million related to cost savings, freight, and other supply chain costs.

These were partially offset by:

- inflationary costs of approximately $47 million, primarily related to higher non-material manufacturing costs primarily related to inflation in salaries, wages and benefits expenses.

We anticipate raw material costs in 2016 to be in line with 2015; however, we expect an unfavorable impact related to foreign currency. While we will maintain our focus on value-added selling and pricing disciplines, our pricing actions could be placed under negative pressure due to competitive pricing and our formula pricing structure, primarily in our Food Care division.

2014 compared with 2013

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

- the unfavorable impact of higher raw material costs and non-material inflationary costs of $119 million, primarily related to non-material inflation including salaries, wages and benefit expenses; and

- an increase in cash annual incentive compensation expense of $10 million primarily due to the change in the anticipated level of achievement of our annual cash incentive compensation targets.

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

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

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three years ended December 31, 2015 are included in the table below.

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
Selling, general and administrative expenses	$1,652.3	$1,841.3	$1,750.2	(10.3)%	5.2 %
As a % of net sales	23.5 %	23.8 %	22.8 %		

2015 compared with 2014

SG&A expenses were impacted by favorable foreign currency translation of $166 million. On a constant dollar basis, SG&A expenses decreased $23 million, or 1%. This decrease was primarily due to:

the favorable impact of cost savings of $41 million realized from our restructuring activities.

This was partially offset by:

a net increase in compensation and benefits expenses of $13 million, reflecting the impact of annual salary increases and inflation. This increase was partially offset by lower incentive-based compensation and the capitalization of compensation costs related to the implementation of an ERP system; and

an increase in other general and administrative expenses of $5 million related to the Intellibot acquisition.

2014 compared with 2013

SG&A expenses were impacted by favorable foreign currency translation of $30 million. On a constant dollar basis, SG&A expenses increased $121 million, or 7%. This increase was primarily due to:

higher compensation and benefits expenses of $89 million, including the impact of annual salary increases and inflation of $54 million and, to a lesser extent, the impact of higher cash annual incentive compensation expense of $35 million primarily due to the change in the anticipated level of achievement of our annual cash incentive compensation targets;

higher performance based annual incentive compensation expense of $24 million, primarily due to the change in the anticipated level of achievement related to certain PSU award programs as well as the impact of new PSU award programs approved in 2014;

costs related to development grant matter of $14 million;

higher information system expense of $12 million, primarily due to our ERP software implementations and upgrades in 2014;

higher sales and marketing expense of $6 million, primarily due to support our sales expansion in APAC and other developing regions;

incremental costs incurred with the implementation of restructuring programs of $5 million; and

incremental costs incurred as a result of termination of licensing agreement of $3 million.

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

Amortization Expense of Intangible Assets Acquired

Amortization expense of intangible assets acquired for the three years ended December 31, 2015 was as follows:

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
Amortization expense of intangible assets acquired	$88.7	$118.9	$123.2	(25.4)%	(3.5)%
As a % of net sales	1.3 %	1.5 %	1.6 %		

Amortization expense of intangible assets was impacted by favorable foreign currency translation of $8 million. On a constant dollar basis, amortization expenses decreased $22 million, or 19%. The decrease from 2014 to 2015 was primarily due to certain license agreements and software which we acquired as part of the Diversey acquisition, which were fully amortized as of September, 2014.

The decrease in amortization expense in 2014 as compared with 2013 was primarily due to certain license agreements and software which we acquired as part of the Diversey acquisition, which were fully amortized as of September, 2014.

Stock Appreciation Rights Expense

Stock appreciation rights ("SARs") expense for the three years ended December 31, 2015 is as follows:

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 % Change	2014 vs. 2013 % Change
Stock appreciation rights expense	$3.9	$8.1	$38.1	(51.9)%	(78.7)%
As a % of net sales	0.1%	0.1%	0.5%		

SARs expense includes the impact of changes in the share price of our common stock. The share price of our common stock increased 5% in 2015 as compared to an increase of approximately 25% in 2014. See Note 18, "Stockholder's Equity," for further details of our SARs program. As of December 31, 2015, we had approximately 100,000 SARs outstanding, all of which are now fully vested.

Restructuring Activities

See Note 9, "Restructuring and Relocation Activities," for additional details regarding each of the Company's restructuring programs discussed below, restructuring plan's accrual, spending and other activity for the year ended December 31, 2015.

Fusion

On December 18, 2014, the Board of Directors of the Company approved a new restructuring plan (the "Fusion Program" or the "Plan"), which consists of a portfolio of restructuring projects across all of our divisions as part of our transformation of Sealed Air Corporation into a knowledge-based company, including reduction in headcount and consolidation and relocation of certain facilities and offices, including the relocation of the Company's headquarters to Charlotte, NC as announced on July 23, 2014. The cost of the Charlotte campus is estimated to be approximately $120 million. The net cash cost of the Plan is now expected to be in the range of $330 million to $340 million.

The Company currently estimates that it will incur aggregate costs of approximately $395 million to $405 million in connection with the implementation of this Plan, which compares to previously reported estimates of $275 million to $285 million. The increase represents our decision to build and own the new campus in Charlotte, North Carolina, rather than lease it and improved estimates of the costs of implementing the plan, primarily related to relocation expenses. The costs associated with the Plan, the majority of which are expected to be incurred primarily between 2015 and 2017, largely consist of (i) a reduction in headcount through reorganization and integration, including severance and termination benefits for employees, expected to be approximately $115 million to $120 million, and (ii) other costs associated with the Plan, primarily relating to the building costs of the Charlotte campus, rationalization, consolidation and relocation of certain portions of our global supply chain and other facilities and offices, expected to be approximately $280 million to $285 million. Included in the total cash costs, the Company anticipates approximately $190 million to $200 million of capital expenditures related to the Plan, including the building of the Charlotte campus, of which the majority is expected to be incurred in 2016.

The Plan is currently estimated to generate annualized savings of approximately $90 million to $100 million by the end of 2018. Additionally, the Plan is expected to generate cash and benefits of approximately $65 million from the sale of certain assets, state and local incentives in connection with the relocation of the Company's headquarters and reductions in working capital. As of December 31, 2015, we generated $30 million in cash related to the sale of our facility located in Racine, Wisconsin, and have achieved $18 million of incremental cost savings, primarily in selling, general and administration expenses, in 2015 related to this program compared with the same period in 2014.

Earnings Quality Improvement Program (EQIP)

On May 1, 2013, we commenced with our EQIP, which is an initiative to deliver meaningful cost savings and network optimization. The plan is estimated to generate annualized savings of approximately $90-$110 million by the end of 2016. We achieved $36 million incremental cost savings in 2015 related to this program compared with 2014. We achieved these savings in cost of sales ($15 million) and in selling, general and administrative expenses ($21 million), primarily in our Food Care and Diversey Care divisions.

Integration and Optimization Program (IOP)

In December 2011, we initiated a restructuring program associated with the integration of Diversey's business following our acquisition of Diversey on October 3, 2011. This program was substantially completed by the end of 2015. We achieved $6 million incremental cost savings in 2015 related to this program compared with 2014. We achieved these savings in cost of sales ($1 million) and in selling, general and administrative expenses ($5 million), primarily in our Food Care and Diversey Care divisions.

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

Adjusted EBITDA by Segment

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

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

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

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Food Care	$689.8	$670.2	$614.7	2.9 %	9.0 %
Adjusted EBITDA Margin	20.3 %	17.5 %	16.1 %		
Diversey Care	231.9	245.0	237.3	(5.3)%	3.2 %
Adjusted EBITDA Margin	11.6 %	11.3 %	11.0 %		
Product Care	321.0	292.7	266.3	9.7 %	9.9 %
Adjusted EBITDA Margin	20.8 %	17.7 %	16.5 %		
Total Reportable Segments Adjusted EBITDA	1,242.7	1,207.9	1,118.3	2.9 %	8.0 %
Other	(68.6)	(89.6)	(77.8)	(23.4)%	15.2 %
Non-U.S. GAAP Total Company Adjusted EBITDA	$1,174.1	$1,118.3	$1,040.5	5.0 %	7.5 %

Adjusted EBITDA Margin	16.7 %	14.4 %	13.5 %

The following is a discussion of the factors that contributed to the change in Adjusted EBITDA by segment in the three years ended December 31, 2015 as compared with the prior year.

Food Care

2015 compared with 2014

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $67 million. On a constant dollar basis, Adjusted EBITDA increased $87 million, or 13%, in 2015 compared with the same period in 2014 primarily due to the impact of:

- favorable price/mix, margin expansion, and manufacturing efficiency improvements of $109 million;
- cost savings of $20 million primarily due to EQIP restructuring program;

higher unit volumes of $21 million; and
lower selling, general and administrative expenses of $15 million, primarily related to lower incentive-based compensation and benefits expense.

These favorable drivers were partially offset by:

the effect of the divestitures of the North American foam trays and absorbent pads business and the European food trays businesses of $33 million; and
an increase of $45 million in non-material related manufacturing costs and other expenses.

2014 compared with 2013

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

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

These favorable drivers were partially offset by:

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

Diversey Care

2015 compared with 2014

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $38 million. On a constant dollar basis, Adjusted EBITDA increased $25 million, or 10%, in 2015 compared with the same period in 2014 primarily due to the impact of:

cost savings of $20 million primarily due to EQIP restructuring program;
favorable price/mix and margin expansion of $7 million;
impact of higher unit volumes of $8 million; and
lower selling, general and administrative expenses of $3 million, primarily related to lower incentive-based compensation and benefits expense.

These favorable drivers were partially offset by:

an increase of $13 million in non-material related manufacturing costs and other expenses.

2014 compared with 2013

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

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

These favorable drivers were partially offset by:

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

Product Care

2015 compared with 2014

Adjusted EBITDA was impacted by unfavorable foreign currency translation of $19 million. On a constant dollar basis, Adjusted EBITDA increased $48 million, or 16%, in 2015 compared with the same period in 2014 primarily due to the impact of:

- favorable price/mix and manufacturing efficiency improvements of $59 million;
- cost savings of $8 million primarily due to EQIP restructuring program.

These favorable drivers were partially offset by:

- lower unit volumes of $17 million; and
- an increase in SG&A and other expense of $2 million due to a combination of higher compensation and benefits expense reflecting the impact of annual salary increases and inflation, partially offset by lower incentive-based compensation and benefits expense.

2014 compared with 2013

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

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

These favorable drivers were partially offset by:

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

Other

2015 compared with 2014

This category's Adjusted EBITDA loss decreased $21 million in 2015 as compared with 2014, primarily due to the impact of cost savings in Corporate and favorable price/mix in the Medical Applications and New Venture businesses.

2014 compared with 2013

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

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

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

	Year Ended December 31,		
(In millions)	2015	2014	2013
Total Company Adjusted EBITDA	$1,174.1	$1,118.3	$1,040.5
Depreciation and amortization [1]	(274.5)	(320.8)	(307.5)
Special items:			
Accelerated depreciation of non-strategic assets related to restructuring programs	0.2	2.1	5.3
Restructuring and other charges[2]	(78.3)	(65.7)	(73.8)
Other restructuring associated costs included in cost of sales and selling, general and administrative expenses	(42.9)	(35.8)	(26.6)
Development grant matter included in selling, general and administrative expenses	—	(14.0)	—
Termination of licensing agreement	—	(5.3)	—
SARs	(3.9)	(8.1)	(38.1)
Impairments of equity method investment	—	(5.7)	(2.1)
Foreign currency exchange (loss) gains related to Venezuelan subsidiaries	(33.1)	(20.4)	(13.1)
Loss on debt redemption and refinancing activities	(110.0)	(102.5)	(36.3)
Gain (loss) from Claims Settlement in 2014 and related costs	—	21.1	(1.0)
Gain, net, on sale of North American foam trays and absorbent pads business and European food trays business	13.4	—	—
Non-operating charge for contingent guarantee included in other income (expense), net	—	(2.5)	—
Other special items	8.6	(5.8)	(6.1)
Interest expense	(227.7)	(287.7)	(361.0)
Income tax provision	90.5	9.1	84.9
Net earnings from continuing operations	$335.4	$258.1	$95.3

[1] Depreciation and amortization by segment, including share-based incentive compensation, is as follows:

Year Ended December 31,

(In millions)	2015	2014	2013
Food Care	$107.9	$121.3	$118.4
Diversey Care	105.5	126.3	132.3
Product Care	37.4	41.4	38.2
Total reportable segments	250.8	289.0	288.9
Other	23.7	31.8	18.6
Total Company depreciation and amortization[1]	$274.5	$320.8	$307.5

[1] Includes share-based incentive compensation of $61.2 million, $54.1 million and $24.1 million for the years ended 2015, 2014 and 2013, respectively.

[2] Restructuring and other charges by our segment reporting structure were as follows:

	Year Ended December 31,		
(In millions)	2015	2014	2013
Food Care	$37.9	$27.3	$25.1
Diversey Care	22.2	24.3	32.2
Product Care	17.2	13.6	16.4
Total reportable segments	77.3	65.2	73.7
Other	1.0	0.5	0.1
Total Company restructuring and other charges	$78.3	$65.7	$73.8

The restructuring and other charges in 2015 primarily relate to the Fusion Program. The restructuring and other charges in 2014 and 2013 primarily relate to our previously announced Earnings Quality Improvement Program (EQIP). See Note 9, "Restructuring and Relocation Activities," for further discussion.

Interest Expense

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

Interest expense for the three years ended December 31, 2015 was as follows:

(In millions)	Year Ended December 31, 2015	2014	2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Interest expense on the amount payable for the Settlement agreement[1]	$—	$4.6	$48.2	$ (4.6)	$ (43.6)
Interest expense on our various debt instruments:					
12% Senior Notes due February 2014[2]	—	2.1	14.9	(2.1)	(12.8)
Term Loan A due July, 2017[3][5]	4.5	2.1	—	2.4	2.1
Term Loan A due July 2019 (October 2016 prior to refinance)[3]	26.8	26.9	30.4	(0.1)	(3.5)
Term Loan B due October 2018 [3][5]	—	14.6	37.1	(14.6)	(22.5)
Revolving credit facility due July 2019 (October 2016 prior to refinance)[3][5]	2.5	8.4	4.2	(5.9)	4.2
7.875% Senior Notes due June 2015[4]	—	—	7.6	—	(7.6)
8.125% Senior Notes due September 2019 [3][6]	—	57.3	62.4	(57.3)	(5.1)
6.50% Senior Notes due December 2020	28.0	26.7	28.3	1.3	(1.6)
8.375% Senior Notes due September 2021[3][7]	30.4	64.1	63.9	(33.7)	0.2
4.875% Senior Notes due December 2022[6]	21.4	2.2	—	19.2	2.2
5.25% Senior Notes due April 2023[4]	22.9	23.0	17.8	(0.1)	5.2
4.50% Senior Notes due September 2023[7]	10.8	—	—	10.8	—
5.125% Senior Notes due December 2024[6]	22.3	2.3	—	20.0	2.3
5.50% Senior Notes due September 2025[7]	12.1	—	—	12.1	—
6.875% Senior Notes due July 2033	30.9	30.9	30.9	—	—
Other interest expense	20.5	28.7	20.2	(8.2)	8.5
Less: capitalized interest	(5.4)	(6.2)	(4.9)	0.8	(1.3)
Total	$227.7	$287.7	$361.0	$ (60.0)	$ (73.3)

[1] The decline in interest expense in 2015 as compared with 2014 and 2014 as compared to 2013 was due to the funding of the cash payment for the Settlement agreement on February 3, 2014. See Note 17, "Commitments and Contingencies" for further details.

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

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

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

(5) On July 25, 2014 the Company entered into a second restatement agreement for refinancing of the Term Loan A facilities, Term Loan B facilities and revolving credit facilities with new Term Loan A facilities. See Note 11, “Debt and Credit Facilities” for further details.

(6) In November 2014, we issued $425 million of 4.875% Senior Notes due 2022 and $425 million of 5.125% notes due 2024 and used substantially all of the proceeds to retire the 8.125% Senior Notes due September 2019.

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

Loss on Debt Redemption and Refinancing Activities

2015

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

2014

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

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

2013

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

In March 2013, we issued $425 million of 5.25% Senior Notes due April 1, 2023, and used substantially all of the proceeds to retire the 7.875% Senior Notes due June 2017. We repurchased the 7.875% Senior Notes at fair value. The aggregate repurchase price was $431 million, which included the principal amount of $400 million, a 6% premium of $23 million and accrued interest of $8 million. We recognized a total net pre-tax loss of $32 million, which included the premiums mentioned above.

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

Sale of Equity Investment

In September 2007, we established a joint venture that supported our Food Care segment in Turkey. We accounted for the joint venture under the equity method of accounting with our proportionate share of net income or losses included in other expense, net, on the Consolidated Statements of Operations. In the second quarter of 2012, we recorded other-than-temporary impairment of $26 million ($18 million, net of taxes, or $0.09 per diluted share). This impairment primarily consisted of the recognition of a current liability for the guarantee we issued related to the uncommitted credit facility of $20 million. The other component of the impairment was a $4 million write-down of the carrying value of the investment to zero at June 30, 2012. We also recorded provisions for bad debt on receivables due from the joint venture to the Company of $2 million, which was included in marketing, administrative and development expenses.

In the second quarter of 2015, Sealed Air sold its equity interest in the joint venture which had a carrying value of zero and in connection with the closing of this sale, Sealed Air and the other partner had to pay a portion of the outstanding debt that the joint venture owed for which Sealed Air had recorded a current liability in 2012. At closing, Sealed Air also collected its outstanding receivables and paid certain payables to the joint venture. In July 2015, the partner paid the remaining outstanding debt balance and Sealed Air was relieved of its remaining guarantee obligation. Therefore, the remaining liability for the guarantee was reversed. As a result of these transactions, we recorded in 2015 pre-tax income of $9.1 million which was reflected as a special item and is excluded from our Adjusted EBITDA results. Included in this amount was $6.6 million related to the portion of the debt that the partner paid which is reflected in other income (expense), net, $2.0 million due to the reversal of allowance for bad debts which is reflected in selling, general and administrative expenses and in other income (expense), net and $0.5 million related to the impact of the revaluation of the non-U.S. dollar-denominated contingent liability and the related foreign currency forward contracts which was included in other income, net.

Impairment of Equity Method Investments

In 2014 and 2013, we recognized an impairment of $6 million and $2 million, respectively, in connection with equity method investments. These investments were not material to our consolidated financial position or results of operations.

The impairments are considered special items and excluded from our Adjusted EBITDA results.

Foreign Currency Exchange (Losses) Gains Related to Venezuelan Subsidiaries

Effective January 1, 2010, Venezuela was designated a highly inflationary economy. The foreign currency exchange gains and losses we recorded in 2015, 2014 and 2013 for our Venezuelan subsidiary were the result of the significant changes in the exchange rates used to remeasure our Venezuelan subsidiary's financial statements at the balance sheet date. We believe these gains and losses are attributable to the unstable foreign currency environment in Venezuela. See Note 2, "Summary of Significant Accounting Policies and Recently Issued Accounting Standards – Impact of Inflation and Currency Fluctuation - Venezuela" for further details.

Gain from Claims Settlement

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

Other Income (Expense), Net

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

Income Taxes

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

Year Ended	Effective Tax Rate
2015	21.2 %

2014	3.4	%
2013	47.1	%

Our effective income tax rate from continuing operations was 21.2% for 2015. The primary adjustments to the statutory rate were the following:

- decrease in tax expense related to unremitted earnings based on the Company’s ability to repatriate earnings in a tax efficient manner and utilize foreign tax credits against the expected U.S liability (20.2% decrease).
- net benefit for reduction in valuation allowance primarily based on the Company’s expectation that the majority of the foreign tax credits will be utilized (13.7% decrease).
- benefit of recording foreign tax credits including a benefit for 2014 credits originally deducted but now planned to directly reduce the U.S. tax liability.

increase in tax expense for recapture of the Overall Foreign Loss (“OFL”) in 2014 in connection with a reorganization. An OFL results when domestic expenses attributable to foreign source income taxed in the U.S. exceeds such income.

increase in tax expense for a reserve established in connection with the Settlement payment offset by reductions in reserves for lapses in statute of limitations (13.3% increase).

Tax expense for 2015 includes an $11 million benefit from adjustments that would appropriately be recorded in a prior period, but which the Company has determined are not material to the prior year or current year financial statements and therefore included the adjustments in the current year. These items include income from Overall Foreign Loss recapture, benefit from recognition of foreign tax credits, deferred tax adjustments and additional domestic taxable income from foreign sources.

Our effective income tax rate from continuing operations was 3.4% for 2014, primarily due to a favorable earnings mix in jurisdictions with lower tax rates. In addition, our effective tax rate benefited from the release of reserves due to favorable settlements, judicial verdicts and expiration of statute of limitations ($23 million) and the release of a valuation allowance from a favorable tax settlement of approximately $13 million.

Our effective income tax rate from continuing operations was 47.1% for 2013, primarily due to an increase of approximately $50 million as a result of not funding the Settlement agreement before the end of 2013. The delay in funding required us to increase our valuation allowance for the deferred tax asset related to the Settlement agreement. Excluding that increase, our tax rate would have been approximately 19%. Our tax rate for the year benefited from a favorable earnings mix in jurisdictions with lower tax rates, as well as various reorganizations and a retroactive reinstatement of certain tax provisions that were recorded as discrete items in 2013.

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

See Note 16, “Income Taxes,” for a reconciliation of the U.S. federal statutory rate to our effective tax rate, which also shows the major components of the year over year changes and other tax information.

Liquidity and Capital Resources

Principal Sources of Liquidity

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

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

As of December 31, 2015, we had cash and cash equivalents of $358 million, of which approximately $345 million, or 96%, was located outside of the U.S. As of December 31, 2015, there were certain foreign government regulations restricting transfers on less than $25 million of the cash located outside of the U.S. As of December 31, 2015, our U.S. cash balances and committed liquidity facilities available to U.S. borrowers were sufficient to fund our U.S. operating requirements and capital expenditures, current debt obligations and dividends. The Company does not expect that in the near term cash located outside of the U.S. will be needed to satisfy its obligations, dividends and other demands for cash in its U.S. operations.

Material Commitments and Contingencies

Settlement Agreement and Related Costs

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

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

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

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

We increased our unrecognized tax benefits by $104 million in 2015, for the recording of a reserve related to the Settlement payment. While the Company believes it is more likely than not it will be successful, the ultimate outcome of negotiations may affect the utilization of certain tax attributes and require us to return all or a portion of the refund.

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

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

Cryovac Transaction Commitments and Contingencies

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

Contractual Obligations

The following table summarizes our principal contractual obligations and sets forth the amounts of required or contingently required cash outlays in 2016 and future years:

	Payments Due by Years				
(In millions)	Total	2016	2017-2018	2019-2020	Thereafter
Contractual Obligations					
Short-term borrowings	$241.9	$241.9	$ —	$ —	$ —
Current portion of long-term debt exclusive of debt discounts and lender fees	46.6	46.6	—	—	—
Long-term debt, exclusive of debt discounts and lender fees	4,309.7	—	394.0	1,353.4	2,562.3
Total debt[(1)]	4,598.2	288.5	394.0	1,353.4	2,562.3
Interest payments due on long-term debt[(2)]	1,638.9	198.2	380.4	340.2	720.1
Operating leases	140.5	50.4	56.8	22.0	11.3
First quarter 2016 quarterly cash dividend declared	25.2	25.2	—	—	—
Other principal contractual obligations	416.1	223.1	155.7	36.3	1.0
Total contractual cash obligations [(3)]	$6,818.9	$785.4	$ 986.9	$ 1,751.9	$ 3,294.7

(1) These amounts include principal maturities (at face value) only. These amounts also include our contractual obligations under capital leases of $2 million in 2016, $2 million in 2017-2018 and less than $1 million in 2019-2020.

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

interest rates based on stated rates based on LIBOR as of December 31, 2015; and

all non-U.S. dollar balances are converted using exchange rates as of December 31, 2015.

(3) Pension obligations have been excluded from the table above, due to factors such as the retirement of employees, it is not reasonably possible to estimate when these obligations will become due.

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

Operating Leases — The contractual operating lease obligations listed in the table above represent estimated future minimum annual rental commitments primarily under non-cancelable real and personal property leases as of December 31, 2015.

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

Liability for Unrecognized Tax Benefits

At December 31, 2015, we had liabilities for unrecognized tax benefits and related interest and penalties of $268 million, most of which is included in other liabilities and the remaining balance is included as a reduction to deferred tax assets on our Consolidated Balance Sheet. At December 31, 2015, we cannot reasonably estimate the future period or periods of cash settlement of these liabilities. See Note 16, “Income Taxes,” for further discussion.

Off-Balance Sheet Arrangements

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

Income Tax Payments

We currently expect to pay $125 million of income taxes in 2016.

Contributions to Defined Benefit Pension Plans

We maintain defined benefit pension plans for some of our U.S. and our non-U.S. employees. We currently expect our contributions to these plans to be approximately $19 million in 2016.

Environmental Matters

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

Cash and Cash Equivalents

The following table summarizes our accumulated cash and cash equivalents:

(In millions)	December 31, 2015	December 31, 2014
Cash and cash equivalents	$ 358.4	$ 286.4

Cash and cash equivalents excludes $56 million and $36 million as of December 31, 2015 and 2014, respectively, of cash held on deposit as a compensating balance for short-term borrowings. At December 31, 2015, the amount is recorded in Other current assets. At December 31, 2014, $10 million is recorded in Other current assets, and the remainder in Other non-current assets

See “Analysis of Historical Cash Flows” below.

Accounts Receivable Securitization Programs

At December 31, 2015, we had $192 million available to us under the programs of which we had $144 million outstanding at December 31, 2015. At December 31, 2014, we had $192 million available to us under the programs of which we had $36 million outstanding at December 31, 2014. See Note 8, “Accounts Receivable Securitization Programs,” for information concerning these programs.

Lines of Credit

We have a $700 million revolving credit facility. In 2015, we utilized borrowings under this facility and had no outstanding borrowings at December 31, 2015. In 2014, we utilized borrowings under this facility and had $23 million outstanding at December 31, 2014. In July 2014, we amended and restated our senior secured credit facilities, including the revolving credit facility. See Note 11, "Debt and Credit Facilities," for further details.

There was $98 million and $71 million outstanding under various lines of credit extended to our subsidiaries at December 31, 2015 and December 31, 2014, respectively. See Note 11, "Debt and Credit Facilities," for further details.

Covenants

At December 31, 2015 and 2014, we were in compliance with our financial covenants and limitations, as discussed in "Covenants" of Note 11, "Debt and Credit Facilities."

Debt Ratings

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

	Moody's Investor Services	Standard & Poor's
Corporate Rating	Ba3	BB
Senior Unsecured Rating	B1	BB
Senior Secured Credit Facility Rating	Ba1	BBB-
Outlook	Positive	Stable

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

Outstanding Indebtedness

At December 31, 2015 and 2014, our total debt outstanding consisted of the amounts set forth in the following table.

(In millions)	December 31, 2015	December 31, 2014
Short-term borrowings	$ 241.9	$ 143.3
Current portion of long-term debt	46.6	1.0
Total current debt	288.5	144.3
Total long-term debt, less current portion	4,302.7	4,282.0
Total debt	4,591.2	4,426.3
Less: cash and cash equivalents	(358.4)	(286.4)
Net debt	4,232.8	4,139.9

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

Analysis of Historical Cash Flow

The following table shows the changes in our consolidated cash flows from continuing operations in the three years ended December 31, 2015.

	Year-Ended December 31,		
(In millions)	2015	2014	2013

Net cash provided by (used in) operating activities	$967.7	$(214.7)	$640.4
Net cash used in investing activities	(60.0)	(126.3)	(113.9)
Net cash used in financing activities	(775.3)	(327.6)	(319.9)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(60.4)	(37.4)	(20.8)

Net Cash (Used in) Provided by Operating Activities

2015

Net cash provided by operating activities from continuing operations of $968 million in 2015 was primarily attributable to:

- $335 million of net earnings, which included $355 million of non-cash adjustments to reconcile net earnings to cash provided by operating activities, including adjustments for depreciation and amortization of $213 million, share-based incentive compensation expense of $61 million, profit sharing expense of $36 million, a loss on debt redemption of $110 million, partially offset by $46 million of excess tax benefit related to the 18 million shares of our common stock issued pursuant to the Settlement agreement and $13 million of excess tax benefit related to stock-based compensation.
- $235 million tax refund related to the Settlement agreement payment; and

- $43 million of changes in operating assets and liabilities, primarily reflecting an increase in accounts payable and trade receivables partially offset by a decrease in inventory and other assets and liabilities. This activity reflects the timing of inventory purchases and the related payments of cash along with the timing of certain annual incentive compensation payments and interest payments and the seasonality of sales and collections.

2014

Net cash used in operating activities from continuing operations in 2014 of $215 million was primarily attributable to

- $930 million used to fund the cash portion of the Settlement agreement;
- $38 million of excess tax benefit related to the 18 million shared of our common stock issued pursuant to the Settlement agreement; and
- $153 million of changes in operating assets and liabilities, primarily reflecting an increase in income tax receivables related to the Settlement agreement, as well as an increase in inventories, partially offset by an increase in accounts payable. This activity reflects the timing of inventory purchases and the related payments of cash along with the timing of certain annual incentive compensation payments and interest payments and the seasonality of sales and collections.

Partially offset by:

- net earnings adjusted to reconcile to net cash provided by operating activities of $610 million, which primarily included adjustments for depreciation and amortization, share-based incentive compensation expenses, profit sharing expense, deferred taxes and loss on debt redemption.

2013

Net cash provided by operating activities from continuing operations in 2013 of $640 million was primarily attributable to

- net earnings adjusted to reconcile to net cash provided by operating activities of $441 million, which primarily included adjustments for depreciation and amortization, share-based incentive compensation expenses, profit sharing expense and loss on debt redemption; and
- net changes in operating assets and liabilities resulted in net cash provided by operating activities of $105 million in 2013, primarily in trade receivables, net, inventories and accounts payable. In 2013, we reduced our days sales outstanding by three days, reduced our inventory days on hand by four days, and increased our days payables outstanding by two days.

Net Cash Used in Investing Activities

2015

Net cash used in investing activities from continuing operations in 2015 of $60 million primarily consisted of capital expenditures of $184 million related to capacity expansions to support growth in net sales. Capital expenditures related to our restructuring programs were $52 million in 2015. This was partially offset by proceeds from sale of business of $95 million and proceeds from sales property, plant and equipment of $33 million.

2014

Net cash used in investing activities from continuing operations in 2014 of $126 million primarily consisted of capital expenditures of $154 million related to capacity expansions to support growth in net sales. Capital expenditures related to our restructuring programs was $29 million in 2014.

2013

Net cash used in investing activities from continuing operations in 2013 of $114 million primarily consisted of capital expenditures of $116 million, related to capacity expansions to support growth in net sales. Capital expenditure related to our restructuring programs was $25 million in 2013.

We expect to continue to invest capital as we deem appropriate to expand our business, to maintain or replace depreciating property, plant and equipment, to acquire new manufacturing technology and to improve productivity and net sales growth. We expect total capital expenditures in 2016 to be approximately $275 million, which includes capital expenditures for restructuring programs including approximately $100 million related to the investment in our Charlotte, NC campus and approximately $40 million associated with other Fusion restructuring activities. This projection is based upon our capital expenditure budget for 2016, the status of approved but not yet completed capital projects, anticipated future projects and historic spending trends.

Net Cash Used in Financing Activities

2015

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

- repayment of $750 million of our 8.375% Senior Notes;
- repurchase of common stock of $802 million;
- payments of quarterly dividends of $107 million;
- repayments of $50 million of Term Loan A; and
- debt extinguishment and debt issuance costs of $108 million.

These factors were partially offset by:

- proceeds from issuance of €400million of 4.50% Senior Notes and $400 million of 5.50% Senior Notes;
- net proceeds from borrowings under our accounts receivable securitization programs of $107 million;
- an excess tax benefit of $46 million related to the 18 million shares of Common Stock issued pursuant to the Settlement agreement; and
- an excess tax benefit of $13 million related to stock based compensation.

2014

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

- repayment of $750 million of our 8.125% Senior Notes, and $75 million of premium;
- repayment of $695 million of Term Loan B;
- repurchase of common stock of $184 million;
- repayment of $150 million of our 12% Senior Notes;
- payments of quarterly dividends of $111 million;
- repayments of $50 million of Term Loan A; and
- debt issuance cost of $24 million

These factors were partially offset by:

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

2013

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

- repurchase of $400 million on 7.875% Senior Notes due June 2017 for $431 million;
- prepayments of $152 million on Term Loan A;

- prepayments of $104 million on Term Loan B; and
- payments of $102 million of quarterly dividends.

These factors were partially offset by:

- issuance of $425 million of 5.25% Senior Notes due April 2023; and
- short term borrowings of $53 million.

Free Cash Flow

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of the strength and ability of our operations to generate cash. We define free cash flow as cash provided by operating activities less capital expenditures (which is classified as an investing activity). Free cash flow is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for net income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure. We typically generate the majority of our annual free cash flow in the second half of the year. Below find details of free cash flow for three years ended December 31, 2015.

(In millions)	Year Ended December 31, 2015 [(1)]	2014 [(2)]	2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Cash flow provided by (used in) operating activities	$967.7	$(214.7)	$640.4	$1,182.4	$ (855.1)
Capital expenditures	(184.0)	(153.9)	(116.0)	(30.1)	(37.9)
Free cash flow[(1)(2)]	$783.7	$(368.6)	$524.4	$1,152.3	$ (893.0)

(1) Free cash flow was $595 million in 2015 excluding the tax refund received of $235 million in connection with the Settlement agreement and excess tax benefit of $46 million related to shares of Common Stock issued pursuant to the terms of the Settlement agreement.

(2) Free cash flow was $599 million in 2014 excluding the payment of the Settlement agreement of $930 million and excess tax benefit of $38 million related to shares of Common Stock issued pursuant to the terms of the Settlement agreement.

Changes in Working Capital

(In millions)	December 31, 2015	December 31, 2014	Change
Working capital (current assets less current liabilities)	$ 408.5	$ 891.4	$(482.9)
Current ratio (current assets divided by current liabilities)	1.2x	1.5 x	
Quick ratio (current assets, less inventories divided by current liabilities)	0.9x		