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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

Or

o **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 (State or Other Jurisdiction of Incorporation or Organization)	**65-0654331** (I.R.S. Employer Identification Number)
200 Riverfront Boulevard **Elmwood Park, New Jersey** (Address of Principal Executive Offices)	**07407-1033** (Zip Code)

Registrant's telephone number, including area code: **(201) 791-7600**

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 ý No o

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

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

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

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

There were 158,608,442 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of April 30, 2009.

SEALED AIR CORPORATION AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Net sales:		
Food Packaging	$ 424.0	$ 468.3
Food Solutions	205.2	235.7
Protective Packaging	280.1	372.9
Other	79.2	100.5
Total net sales	988.5	1,177.4
Cost of sales	702.8	872.3
Gross profit	285.7	305.1
Marketing, administrative and development expenses	166.2	186.4
Restructuring (credits) and other charges	(0.4)	2.0
Operating profit	119.9	116.7
Interest expense	(34.9)	(35.4)
Other (expense) income, net	(3.4)	0.2
Earnings before income tax provision	81.6	81.5
Income tax provision	23.5	20.7
Net earnings	$ 58.1	$ 60.8
Net earnings per common share:		
Basic	$ 0.37	$ 0.38
Diluted	$ 0.32	$ 0.33
Dividends per common share	$ 0.12	$ 0.12
Weighted average number of common shares outstanding:		
Basic	156.7	159.7
Diluted	187.9	190.5

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	March 31, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 426.2	$ 128.9
Receivables, net of allowance for doubtful accounts of $21.2 in 2009 and $19.5 in 2008	637.9	682.8
Inventories	549.0	564.3
Other current assets	295.4	296.7
Total current assets	1,908.5	1,672.7
Property and equipment, net	1,009.7	1,051.4
Goodwill	1,932.6	1,938.1
Non-current investments available-for-sale securities	10.7	10.7
Other assets, net	319.4	313.1
Total assets	$ 5,180.9	$ 4,986.0
Liabilities and stockholders' equity		
Current liabilities:		
Short-term borrowings	$ 36.1	$ 37.6
Current portion of long-term debt	150.3	151.5
Accounts payable	216.4	277.2
Settlement agreement and related accrued interest	717.6	707.8
Accrued restructuring costs	37.5	49.4
Other current liabilities	378.9	398.7
Total current liabilities	1,536.8	1,622.2
Long-term debt, less current portion	1,589.6	1,289.9
Other liabilities	134.3	148.3
Total liabilities	3,260.7	3,060.4
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2009 and 2008		
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 168,335,442 in 2009 and 168,111,815 in 2008; shares outstanding: 158,601,303 in 2009 and 157,882,527 in 2008	16.8	16.8
Common stock reserved for issuance related to asbestos Settlement, $0.10 par value per share, 18,000,000 shares in 2009 and 2008	1.8	1.8
Additional paid-in capital	1,094.6	1,102.5
Retained earnings	1,403.3	1,364.3
Common stock in treasury, 9,734,139 shares in 2009 and 10,229,288 shares in 2008	(363.4)	(383.2)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(58.4)	(60.2)
Cumulative translation adjustment	(181.3)	(122.4)

Unrealized gain on derivative instruments	4.7	5.0
Total accumulated other comprehensive loss, net of taxes	(235.0)	(177.6)
Total parent company stockholders' equity	1,918.1	1,924.6
Noncontrolling interests	2.1	1.0
Total stockholders' equity	1,920.2	1,925.6
Total liabilities and stockholders' equity	$ 5,180.9	$ 4,986.0

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash flows from operating activities:		
Net earnings	$ 58.1	$ 60.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	44.5	44.7
Amortization of senior debt related items and other	0.5	0.4
Deferred taxes, net	(3.8)	(11.7)
Net (gain) on disposals of property and equipment and other	(0.9)	
Changes in operating assets and liabilities:		
Receivables, net	100.0	26.9
Accounts receivable securitization program	(80.0)	
Inventories	(1.1)	(34.6)
Other current assets	(0.4)	0.5
Other assets, net	3.8	7.6
Accounts payable	(53.4)	(15.0)
Income taxes payable	3.7	16.8
Other current liabilities	(9.4)	(61.9)
Other liabilities	(5.4)	(2.8)
Net cash provided by operating activities	56.2	31.7
Cash flows from investing activities:		
Capital expenditures for property and equipment	(24.4)	(40.5)
Proceeds from sales of property and equipment	1.7	0.1
Other investing activities	(1.2)	(0.6)
Net cash used in investing activities	(23.9)	(41.0)
Cash flows from financing activities:		
Proceeds from (payments of) long-term debt	299.1	(0.9)
Dividends paid on common stock	(19.0)	(19.4)
Net (payments of) proceeds from short-term borrowings	(0.3)	8.5
Repurchases of common stock		(27.1)
Net cash provided by (used in) financing activities	279.8	(38.9)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(14.8)	48.8
Cash and cash equivalents:		
Balance, beginning of period	$ 128.9	$ 430.3
Net change during the period	297.3	0.6
Balance, end of period	$ 426.2	$ 430.9

Supplemental Cash Flow Information:				
Interest payments, net of amounts capitalized	$	26.6	$	25.1
Income tax payments	$	27.8	$	14.5
Non-cash item:				
Issuance of shares of the Company's common stock to the Company's 2008 employee profit sharing plan	$	5.9	$	

See accompanying Notes to Condensed Consolidated Financial Statements.

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SEALED AIR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)

	Three Months Ended March 31,	
	2009	**2008**
Net earnings	$ 58.1	$ 60.8
Other comprehensive income (loss):		
Recognition of deferred pension items, net of income tax provision of $0.4 in 2009 and $0.2 in 2008	1.8	1.4
Unrealized losses on derivative instruments, net of income tax benefit of $0.1 in 2009 and $0.2 in 2008	(0.3)	(0.3)
Unrealized losses on available-for-sale securities, net of income tax benefit of $0.8 in 2008	-	(1.3)
Foreign currency translation adjustments	(58.9)	98.0
Comprehensive income, net of taxes	$ 0.7	$ 158.6

See accompanying Notes to Condensed Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(1) Organization and Basis of Consolidation

Sealed Air Corporation and its subsidiaries, or the Company, is a leading global innovator and manufacturer of a wide range of packaging and performance-based materials and equipment systems that serve an array of food, industrial, medical and consumer applications.

The Company conducts substantially all of its business through two direct wholly-owned subsidiaries, Cryovac, Inc. and Sealed Air Corporation (US). These two subsidiaries, directly and indirectly, own substantially all of the assets of the business and conduct operations themselves and through subsidiaries around the globe. The Company adopted this corporate structure in connection with the Cryovac transaction. See "Cryovac Transaction," of Note 14, "Commitments and Contingencies," for a description of the Cryovac transaction and related terms used in these Notes to Condensed Consolidated Financial Statements.

Basis of Consolidation

The condensed consolidated financial statements include all the accounts of the Company. All significant intercompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the Company's condensed consolidated balance sheet as of March 31, 2009 and the condensed consolidated statements of operations for the three months ended March 31, 2009 and 2008 have been made. The results set forth in the condensed consolidated statements of operations for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year. All amounts are approximate due to rounding. Certain prior period amounts have been reclassified to conform to the current year's presentation. Reclassifications in the aggregate had an immaterial effect on the Company's condensed consolidated financial statements.

The condensed consolidated financial statements were prepared following the interim reporting requirements of the Securities and Exchange Commission, or the SEC. As permitted under those rules, annual footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America, or U.S. GAAP, have been condensed or omitted. The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

The Company is responsible for the unaudited condensed consolidated financial statements and notes included in this document. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and with the information contained in the Company's other publicly-available filings with the SEC.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(2) Recent Accounting Pronouncements

Adopted in 2009

In April 2009, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies." This FSP amends and clarifies SFAS No. 141(R) (see below) to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This FSP is effective for assets or liabilities arising from contingencies in any future business combinations the Company completes.

FSP No. EITF 03-6-1

In June 2008, the FASB issued FSP No. Emerging Issues Task Force ("EITF") 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." This FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in earnings allocation in computing earnings per common share under the two-class method described in paragraphs 60 and 61 of SFAS No. 128, "Earnings per Share." The Company adopted the provisions of this FSP on January 1, 2009. Accordingly, all prior period net earnings per common share data presented have been adjusted to conform to the provisions of this FSP. See Note 16, "Net Earnings Per Common Share," for further information. The adoption of this FSP did not have a material effect on the Company's previously reported net earnings per common share.

FSP No. FAS 142-3

In April 2008, the FASB issued FSP No. FAS 142-3, "Determination of the Useful Life of Intangible Assets." FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." Beginning January 1, 2009, the requirement for determining useful lives must be applied prospectively to intangible assets acquired after January 1, 2009 and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, January 1, 2009. The impact of this FSP will be dependent on any intangible assets that may be acquired in the future by the Company.

SFAS No. 161

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133." SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(2) Recent Accounting Pronouncements (Continued)

cash flows. The Company adopted the provisions of SFAS No. 161 on January 1, 2009. See Note 11, "Derivatives and Hedging Activities," for further information.

FSP No. 157-2

In February 2008, the FASB issued FSP 157-2, which delayed the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company adopted this FSP on January 1, 2009 for items within the scope of this FSP. This FSP did not have an impact on the Company's consolidated financial position or results of operations.

SFAS No. 141(R)

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, including goodwill, the liabilities assumed and any non-controlling interest in the acquiree. SFAS No. 141(R) also establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) was effective for the Company for business combinations for which the acquisition date is on or after January 1, 2009. Accordingly, any future business combinations the Company completes will be accounted for under this new standard.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an Amendment of Accounting Research Bulletin No. 51." SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. The Company adopted SFAS No. 160 on January 1, 2009 and reclassified its noncontrolling interests to stockholders' equity from total liabilities and presented total parent company stockholders' equity as a separate line item in the condensed consolidated balance sheet. This adoption did not have a material impact on the Company's consolidated financial position or results of operations.

Pending Adoption

In April 2009, the FASB issued the following FSPs that provide additional application guidance and enhance disclosure requirements regarding fair value measurements and impairments of securities.

FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(2) Recent Accounting Pronouncements (Continued)

Orderly," provides guidelines for making fair value measurements more consistent with the principles presented in SFAS No. 157, "Fair Value Measurements."

FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," enhances consistency in financial reporting by increasing the frequency of fair value disclosures.

FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments," provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities.

These FSPs are effective for the Company for the interim period ending June 30, 2009. The Company is currently evaluating the impact, if any, these FSPs may have on its consolidated financial position and results of operations and specifically the impact these FSPs may have on its determination of the fair value of its investments in auction rate securities.

FSP No. FAS 132(R)-1

In December 2008, the FASB issued FSP 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." This FSP provides guidance on an employer's disclosures about plan assets of a defined benefit pension plan or other postretirement plan, including disclosure of how investment allocation decisions are made, major categories of plan assets, inputs and valuation techniques used to measure the fair value of plan assets and concentrations of credit risk. This FSP is effective for fiscal years ending after December 15, 2009. This FSP will not impact the Company's consolidated financial position or results of operations as its requirements are disclosure-only in nature.

(3) Segments

The following table shows net sales, depreciation and amortization and operating profit by the Company's segment reporting structure.

	Three Months Ended March 31,	
	2009	**2008**
Net sales:		
Food Packaging	$424.0	$ 468.3
Food Solutions	205.2	235.7
Protective Packaging	280.1	372.9
Other	79.2	100.5
Total	$988.5	$1,177.4

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(3) Segments (Continued)

	Three Months Ended March 31,	
	2009	**2008**
Depreciation and amortization:		
Food Packaging	$ 20.2	$ 17.8
Food Solutions	8.8	8.0
Protective Packaging	10.6	14.6
Other	4.9	4.3
Total	$ 44.5	$ 44.7
Operating profit(1):		
Food Packaging	$ 58.6	$ 56.2
Food Solutions	22.5	16.9
Protective Packaging	34.2	41.4
Other	4.2	4.2
Total segments and other	119.5	118.7
Restructuring (credits) and other charges(2)	(0.4)	2.0
Total	$119.9	$116.7

(1) Before taking into consideration restructuring (credits) and other charges.

(2) The restructuring (credits) and other charges by the Company's segment reporting structure were as follows:

	Three Months Ended March 31,	
	2009	**2008**
Food Packaging	$ (0.5)	$ 1.9
Food Solutions	0.1	
Protective Packaging		0.1
Other		
Total	$ (0.4)	$ 2.0

Restructuring (credits) and other charges primarily related to the Company's global manufacturing strategy. See Note 4, "Cost Reduction and Productivity Program and Global Manufacturing Strategy," for further discussion.

The following table shows assets allocated to the Company's reportable segments. Only assets which are identifiable by segment and reviewed by the Company's chief operating decision maker by segment are allocated to the reportable segment assets, which are trade receivables, net, and finished goods inventory, net. All other assets are included in "Assets not allocated." Assets not allocated include goodwill of $1,932.6 million at March 31, 2009 and $1,938.1 million at December 31, 2008 and

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(3) Segments (Continued)

total property and equipment, net, of $1,009.7 million at March 31, 2009 and $1,051.4 million at December 31, 2008.

	March 31, 2009	December 31, 2008
Assets:		
Trade receivables, net, and finished goods inventory, net		
Food Packaging	$ 418.1	$ 443.1
Food Solutions	215.0	216.6
Protective Packaging	272.2	281.2
Other	63.9	72.5
Total segments and other	969.2	1,013.4
Assets not allocated	4,211.7	3,972.6
Total	$ 5,180.9	$ 4,986.0

Allocation of Goodwill to Reportable Segments

In accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," and because the Company's management views goodwill as a corporate asset, the Company does not allocate its goodwill balance to its reportable segments. However, in accordance with the provisions of SFAS No. 142, the Company is required to allocate goodwill to each reporting unit in order to perform its annual impairment review of goodwill, which it does during the fourth quarter of the year. See Note 9, "Goodwill and Identifiable Intangible Assets," for the allocation of goodwill in accordance with the provisions of SFAS No. 142, the changes in the three months ended March 31, 2009 by the Company's segment reporting structure and details of the Company's interim goodwill impairment review.

(4) Cost Reduction and Productivity Program and Global Manufacturing Strategy

Cost Reduction and Productivity Program

In the third quarter of 2008, the Company implemented a cost reduction and productivity program. The components of the restructuring accrual, which was primarily for termination benefits, through March 31, 2009 and the accrual balance remaining at March 31, 2009 related to this program are included in the table below. The Company expects to incur additional modest costs associated with this program in the remainder of 2009.

Restructuring accrual at December 31, 2008	$ 43.7
Cash payments made during 2009	(14.7)
Effect of changes in foreign currency rates	(1.2)
Restructuring accrual at March 31, 2009	$ 27.8

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(4) Cost Reduction and Productivity Program and Global Manufacturing Strategy (Continued)

The Company expects to pay $26.8 million of the accrual balance remaining at March 31, 2009 within the next 12 months. This amount is included in other current liabilities on the condensed consolidated balance sheet at March 31, 2009. The remaining accrual of $1.0 million is expected to be paid by the end of 2010 and is included in other liabilities on the condensed consolidated balance sheet at March 31, 2009.

Global Manufacturing Strategy

The Company's global manufacturing strategy, when fully implemented, will expand production in regions where demand for the Company's products and services has been growing significantly. At the same time, the Company is optimizing certain manufacturing platforms in North America and Europe into centers of excellence. The goals of this multi-year program are to expand capacity in growing markets, further improve the Company's operating efficiencies, and implement new technologies more effectively. By taking advantage of new technologies and streamlining production on a global scale, the Company expects to continue to enhance its profitable growth and its global leadership position and produce meaningful savings.

The Company announced the first phase of this multi-year global manufacturing strategy in July 2006. At the end of 2008, the construction phase of the program was substantially complete. The capital expenditures and associated costs and related restructuring charges and the total amounts incurred since inception of this multi-year strategy are included in the table below.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Cumulative Through March 31, 2009
Capital expenditures	$ 6.2	$ 8.7	$ 138.9
Associated costs(1)	3.1	2.4	25.7
Restructuring (credits) and other charges(2)	(0.2)	2.0	31.6

(1) The associated costs principally include facility start-up costs, which are primarily included in cost of sales on the condensed consolidated statements of operations. These charges by the Company's reporting structure were as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Food Packaging	$ 2.5	$ 0.8
Food Solutions	0.1	
Protective Packaging	0.5	1.3
Other		0.3
Total	$ 3.1	$ 2.4

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(4) Cost Reduction and Productivity Program and Global Manufacturing Strategy (Continued)

(2) The restructuring (credits) and other charges were primarily for termination benefits, the majority of which were related to the Food Packaging segment. These charges were included in restructuring (credits) and other charges on the condensed consolidated statements of operations. See Note 3, "Segments," for restructuring (credits) and other charges by reportable segment and Other. A reconciliation of the restructuring accrual is included below.

The components of the restructuring accrual through March 31, 2009 and the accrual balance remaining at March 31, 2009 were as follows:

Restructuring accrual at December 31, 2008	$ 14.4
Adjustment to accrual for termination benefits	(0.6)
Cash payments during 2009	(0.7)
Effect of changes in foreign currency rates	(0.2)
Restructuring accrual at March 31, 2009	$ 12.9

The Company expects to pay $10.4 million of the accrual balance remaining at March 31, 2009 within the next 12 months. This amount is included in other current liabilities on the Company's condensed consolidated balance sheet at March 31, 2009. The remaining accrual of $2.5 million is expected to be paid by the end of 2010 and is included in other liabilities on the Company's condensed consolidated balance sheet at March 31, 2009.

(5) Available-for-Sale Investments

The following tables summarize the Company's available-for-sale investments classified as non-current assets that are carried at fair value on the condensed consolidated balance sheets at March 31, 2009 and December 31, 2008:

March 31, 2009	Original Cost	Gross Other Than Temporary Impairment	Estimated Fair Value
Auction rate securities:			
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	$ 24.7	$ (17.0)	$ 7.7
Non-cumulative perpetual preferred stock	20.0	(17.0)	3.0
Total	$ 44.7	$ (34.0)	$ 10.7

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SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(5) Available-for-Sale Investments (Continued)

December 31, 2008	Original Cost	Gross Other Than Temporary Impairment	Estimated Fair Value
Auction rate securities:			
Debt instruments with contractual maturity dates in 2021, 2033, and 2036	$ 24.7	$ (17.0)	$ 7.7
Non-cumulative perpetual preferred stock	20.0	(17.0)	3.0
Total	$ 44.7	$ (34.0)	$ 10.7

The Company's available-for-sale investments, consisting of auction rate securities at March 31, 2009 and December 31, 2008, are exposed to market risk related to changes in conditions in the U.S. financial markets and in the financial condition of the issuers of these securities. The Company's investment in auction rate securities at March 31, 2009 and December 31, 2008 had an original cost of $44.7 million.

These auction rate securities consisted of two contingent capital securities that were converted into perpetual preferred stock of Ambac Assurance Corporation ("AMBAC"), the issuer, in December 2008, and three debt instruments issued individually by Primus Financial Products LLC (maturity date 2021), River Lake Insurance Company, a wholly-owned subsidiary of Genworth Financial, Inc. (maturity date 2033) and Ballantyne Re Plc (maturity date 2036). In January 2009, Ballantyne issued a notification that it was unable to fully fund its upcoming interest payments. As a result, Ballantyne exercised its option to rely on the insurance protection provided to it by AMBAC (UK), the issuer of an insurance wrap on this debt instrument.

These five securities historically were re-auctioned every twenty-eight days, which had provided a liquid market for them. However, as a result of continuing liquidity concerns affecting capital markets, particularly in the U.S., specifically for asset-back securities, every auction held by the issuers for these auction rate securities in 2008 and 2009 failed. As of March 31, 2009, the Company received interest and dividend payments, totaling $0.4 million, when due.

The Company accounts for these investments as available-for-sale investments and reviews them for impairment in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and other related guidance issued by the FASB and the SEC.

During the first quarter of 2009, the Company determined that there was no change in the estimated fair value of its available-for-sale investments. See Note 12, "Fair Value Measurements," for a discussion of the assumptions, inputs and valuation methodology used by the Company to determine the fair value of these auction rate securities at March 31, 2009.

The Company continues to monitor developments in the market for auction rate securities including the specific securities in which it has invested. At March 31, 2009, the securities issuers' ratings by Moody's Investors Service, Inc. ranged from Baa1 to Ba3 and ratings by Standard & Poor's, a division of the McGraw-Hill Companies, Inc., ranged from A to CCC, both unchanged from

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(5) Available-for-Sale Investments (Continued)

December 31, 2008. The Company believes that it has sufficient liquidity to meet its operating cash needs without the sale of these securities.

If credit or liquidity conditions relating to these securities or the issuers worsen, the Company may recognize additional other-than-temporary impairments, which would result in the recognition of additional losses on the condensed consolidated statement of operations.

(6) Accounts Receivable Securitization Program

The Company and a group of its U.S. subsidiaries maintain an accounts receivable securitization program with a bank and an issuer of commercial paper administered by the bank. At March 31, 2009, the maximum purchase limit for receivables interests was $160.0 million and the program had an expiration date of December 2, 2012. This program includes a bank financing commitment that must be renewed annually prior to the expiration date. The bank commitment is scheduled to expire on December 4, 2009. The Company plans to seek an additional 364 day renewal of the bank commitment prior to its expiration. While the bank is not obligated to renew the bank financing commitment, the Company has historically negotiated annual renewals since the commencement of the program in 2001.

The amounts available from time to time under the program may be less than $160.0 million subject to the level of the eligible assets included in the U.S. accounts receivable portfolio. The level of eligible assets can be impacted by a number of factors, including, but not limited to, accounts receivable balances, the Company's credit rating, the Company's receivables collection experience and the creditworthiness of the Company's customers. At March 31, 2009, the level of eligible assets available under the program declined due to some of the factors mentioned above. As a result, the amounts available to the Company under the program decreased to approximately $89.0 million at March 31, 2009. Although the Company does not believe that these restrictive provisions presently materially restrict its operations, a breach of one or more of these restrictive provisions could result in a further decline in, or the elimination of, amounts available under the program.

At December 31, 2008, the Company had $80.0 million outstanding under this program. In January 2009, the Company utilized an additional $51.0 million available to it under this program. Subsequently, in February 2009, the Company repaid the entire $131.0 million outstanding amount under this program utilizing funds available from its 12% Senior Notes.

The costs associated with the receivables program are reflected in other (expense) income, net, in the Company's condensed consolidated statements of operations and were immaterial for the three months ended March 31, 2009 and 2008.

The receivables program contains financial covenants relating to interest coverage and debt leverage similar to those contained in the Company's revolving credit facility. The Company was in compliance with these covenants at March 31, 2009.

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(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(7) Inventories

The following table presents details of the Company's inventories:

	March 31, 2009	December 31, 2008
Inventories (at FIFO, which approximates replacement value):		
Raw materials	97.1	$ 98.7
Work in process	118.1	116.6
Finished goods	390.7	405.0
Subtotal	605.9	620.3
Reduction of certain inventories to LIFO basis	(56.9)	(56.0)
Total	$ 549.0	$ 564.3

The Company determines the value of non-equipment U.S. inventories by the last-in, first-out or LIFO inventory method. The value of U.S. inventories determined by that method amounted to $134.3 million at March 31, 2009 and $134.9 million at December 31, 2008. If the Company had used the first-in, first-out or FIFO inventory method, which approximates replacement value, for these inventories, the balances would have been $56.9 million higher at March 31, 2009 and $56.0 million higher at December 31, 2008.

(8) Property and Equipment, net

The following table details the Company's property and equipment, net, at March 31, 2009 and December 31, 2008.

	March 31, 2009	December 31, 2008
Land and improvements	$ 44.5	$ 45.4
Buildings	554.5	565.1
Machinery and equipment	2,139.0	2,179.0
Other property and equipment	127.5	130.4
Construction-in-progress	111.8	123.9
	2,977.3	3,043.8
Accumulated depreciation and amortization	(1,967.6)	(1,992.4)
Property and equipment, net	$ 1,009.7	$ 1,051.4

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Notes to Condensed Consolidated Financial Statements (Continued)

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(Amounts in tables are in millions, except share and per share data)

(8) Property and Equipment, net (Continued)

The following table details the Company's interest cost capitalized and depreciation and amortization expense for property and equipment for the three months ended March 31, 2009 and 2008.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Interest cost capitalized	$ 2.1	$ 2.6
Depreciation and amortization expense for property and equipment	35.3	37.9

(9) Goodwill and Identifiable Intangible Assets

Goodwill

The following table details the Company's goodwill balances at March 31, 2009 and December 31, 2008 by the Company's segment reporting structure.

	Balance at December 31, 2008	Goodwill Acquired	Foreign Currency Translation and Other	Balance at March 31, 2009
Food Packaging	$ 381.4	$	(1.3)	$ 380.1
Food Solutions	147.2		(0.5)	146.7
Protective Packaging	1,254.7		(4.1)	1,250.6
Other	154.8	0.9	(0.5)	155.2
Total	$ 1,938.1	$ 0.9	$ (6.4)	$ 1,932.6

In accordance with SFAS No. 142, the Company tests goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and at other times if events or circumstances exist that indicate the carrying value of goodwill may potentially no longer be recoverable. Due to an expected decline in three of the Company's reporting unit's forecasted operating results, and to a lesser extent, a decline in the Company's EBITDA (defined as: Earnings Before Interest Taxes and Depreciation and Amortization) multiples and the price of the Company's common stock since December 31, 2008, the Company performed an interim goodwill impairment assessment for these three reporting units at March 31, 2009. The Company completed step one of its interim impairment test and fair value analysis for goodwill and concluded that there were no impairments present and accordingly no impairment charge was recorded as of March 31, 2009.

The Company uses a fair value approach to test goodwill for impairment. The Company must recognize a non-cash impairment charge for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. The Company derives an estimate of fair values for each of the Company's reporting units using a combination of an income approach and two market approaches, each based on an applicable weighting. The Company assesses the applicable weighting based on such

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(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(9) Goodwill and Identifiable Intangible Assets (Continued)

factors as current market conditions and the quality and reliability of the data. Absent an indication of fair value from a potential buyer or similar specific transactions, the Company believes that the use of these methods provides a reasonable estimate of a reporting unit's fair value. Fair value computed by these methods is arrived at using a number of factors, including projected future operating results, anticipated future cash flows, effective income tax rates, comparable marketplace data within a consistent industry grouping, and the cost of capital. There are inherent uncertainties, however, related to these factors and to the Company's judgment in applying them to this analysis. Nonetheless, the Company believes that the combination of these methods provides a reasonable approach to estimate the fair value of the Company's reporting units. Assumptions for sales, earnings and cash flows for each reporting unit were consistent among these methods.

The income approach is based upon the present value of expected cash flows. Expected cash flows are converted to present value using factors that consider the timing and risk of the future cash flows. The estimate of cash flows used is prepared on an unleveraged debt-free basis. A discount rate is used, which reflects a market-derived weighted average cost of capital. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating and cash flow performance. The projections are based upon the Company's best estimates of projected economic and market conditions over the related period including growth rates, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include effective income tax rates, terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital.

The Company uses two market approaches. The first market approach estimates the fair value of the reporting unit by applying EBITDA multiples to the reporting unit's operating performance. The EBITDA multiples are derived from comparable publicly-traded companies with similar investment characteristics to the reporting unit. The Company believes that this approach is appropriate because it provides a fair value estimate using multiples from entities with operations and economic characteristics comparable to its reporting units and the Company. The second market approach is based on the publicly traded common shares of the Company and the estimate of fair value of the reporting unit is based on the applicable EBITDA multiples of the Company. The key estimates and assumptions that are used to determine fair value under the two market approaches include trailing and future 12-month EBITDA results, as applicable. Under both market approaches, a control premium is applied to the calculated equity values to adjust the public trading value upward for a 100% ownership interest, where applicable.

The excess of fair value over carrying value for each of the Company's reporting units that had their determination of fair values updated as part of the March 31, 2009 interim goodwill impairment test, ranged from approximately 8% to approximately 150%.

Although the Company determined that there was no goodwill impairment at March 31, 2009, the future occurrence of a potential indicator of impairment, such as a decrease in expected earnings, adverse equity market conditions, a decline in current market multiples, a decline in the price of the Company's common stock, a significant adverse change in legal factors or business climate, an adverse

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(9) Goodwill and Identifiable Intangible Assets (Continued)

action or assessment by a regulator, unanticipated competition, strategic decisions made in response to economic or competitive conditions, or a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of, could require an interim assessment for some or all of the reporting units prior to the next required annual assessment. In the event of an adverse change of the natures described above, the Company may be required to recognize a non-cash impairment of goodwill, which could have a material adverse effect on the Company's consolidated financial position and results of operations.

Identifiable Intangible Assets

The following table summarizes the Company's identifiable intangible assets with definite and indefinite useful lives.

	March 31, 2009	December 31, 2008
Gross carrying value	$ 112.8	$ 113.7
Accumulated amortization	(50.1)	(49.5)
Total	$ 62.7	$ 64.2

These identifiable intangible assets are included in other assets, net, on the condensed consolidated balance sheets and include $8.9 million of trademarks that the Company has determined to have an indefinite useful life.

Amortization expense of identifiable intangible assets was $2.9 million for the three months ended March 31, 2009 and $2.4 million for the three months ended March 31, 2008. These expenses are included in marketing, administrative and development expenses on the condensed consolidated statements of operations.

Assuming no change in the gross carrying value of identifiable intangible assets from the value at March 31, 2009, the estimated future amortization expense is as follows:

2009	$ 7.9
2010	9.5
2011	6.5
2012	5.3
2013	4.7
Thereafter	19.9
Total	$ 53.8

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(Amounts in tables are in millions, except share and per share data)

(10) Debt and Credit Facilities

The Company's total debt outstanding consisted of the amounts set forth on the following table:

	March 31, 2009	December 31, 2008
Short-term borrowings	$ 36.1	$ 37.6
Current portion of long-term debt:		
6.95% Senior Notes due May 2009	136.7	136.7
Other current portion of long-term debt	13.6	14.8
Total current debt	186.4	189.1
5.625% Senior Notes due July 2013, less unamortized discount of $0.7 in 2009 and 2008	399.3	399.3
12.0% Senior Notes due February 2014	300.0	
6.875% Senior Notes due July 2033, less unamortized discount of $1.5 in 2009 and 2008	448.5	448.5
3% Convertible Senior Notes due June 2033(1)	431.3	431.3
Other	10.5	10.8
Total long-term debt, less current portion	1,589.6	1,289.9
Total debt	$ 1,776.0	$ 1,479.0

(1) The holders of the 3% convertible Senior Notes have the option to require the Company to repurchase these notes on June 30, 2010, 2013, 2018, 2023 and 2028, or upon the occurrence of a fundamental change in or a termination of trading of the Company's common stock, at a price equal to 100% of their principal amount, plus accrued and unpaid interest. The Company currently has the option to redeem these senior notes at a price equal to 100.857% of their aggregate principal amount, declining to 100.429% on June 30, 2009 and to 100% on June 30, 2010.

Senior Notes

12% Senior Notes

On February 6, 2009, the Company issued $300 million aggregate principal amount of 12% senior unsecured notes due 2014 in a private offering. The notes were sold pursuant to the Note Purchase Agreement dated February 6, 2009 by and among the Company, Davis Selected Advisers, L.P. and subsidiaries of Berkshire Hathaway Inc.

As indicated in a Schedule 13G/A filed with the SEC on February 13, 2009, Davis Selected Advisers, L.P. indicated that it had sole voting power with respect to 53,770,821 shares and sole dispositive power with respect to 57,784,149 shares of the Company's common stock, which then represented beneficial ownership of approximately 37% of the outstanding shares of the Company's common stock.

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Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(10) Debt and Credit Facilities (Continued)

Upon receipt of these funds, the Company repaid amounts outstanding under its revolving credit facility and its accounts receivable securitization program and retained the balance in cash and cash equivalents on the condensed consolidated balance sheets. Interest expense related to the 12% Senior Notes in the three months ended March 31, 2009 was $5.4 million.

6.95% Senior Notes

In December 2008, the Company purchased $90.6 million in aggregate principal amount of its outstanding 6.95% Senior Notes due May 15, 2009, representing approximately 40% of the outstanding face value of these senior notes. The Company purchased these senior notes at their face value plus accrued interest utilizing funds from the Company's accounts receivable securitization program and available cash. As of March 31, 2009, there was $136.7 million in principal amount of these senior notes outstanding. The Company expects to use a combination of available cash and committed sources of credit to retire these senior notes when they become due on May 15, 2009.

Lines of Credit

The following table summarizes the Company's available committed and uncommitted lines of credit, including the revolving credit facility and the ANZ facility, which are discussed below.

	March 31, 2009	December 31, 2008
Used lines of credit	$ 44.5	$ 46.7
Unused lines of credit	754.8	773.4
Total available lines of credit	$ 799.3	$ 820.1
Available lines of credit committed	$ 590.0	$ 588.8
Available lines of credit uncommitted	209.3	231.3
Total available lines of credit	$ 799.3	$ 820.1

The Company's principal credit lines were committed and consisted of the revolving credit facility and the ANZ facility. The Company is not subject to any material compensating balance requirements in connection with its lines of credit.

Revolving Credit Facilities

The Revolving Credit Facility The Company has a $500.0 million unsecured multi-currency revolving credit facility, which has an expiration date of July 26, 2012.

The revolving credit facility commitments include $28.0 million provided by Lehman Commercial Paper Inc., a subsidiary of Lehman Brothers Holdings Inc. As a result of the bankruptcy filing of Lehman Brothers Holdings Inc. and certain of its subsidiaries in September 2008, Lehman Commercial Paper Inc. is no longer funding borrowing requests under the revolving credit facility. At March 31, 2009, the total amount available under the revolving credit facility was $472.0 million.

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(Amounts in tables are in millions, except share and per share data)

(10) Debt and Credit Facilities (Continued)

The terms of the revolving credit facility include a requirement that, upon the occurrence of specified events that would adversely affect the Settlement agreement in the Grace bankruptcy proceedings or would materially increase the Company's liability in respect of the Grace bankruptcy or the asbestos liability arising from the Cryovac transaction, the Company would be required to repay any amounts outstanding under the revolving credit facility, or refinance the facility, within 60 days. See "Settlement Agreement and Related Costs," "Cryovac Transaction" and "Contingencies Related to the Cryovac Transaction," of Note 14, "Commitments and Contingencies," for further discussion.

During 2009, the Company borrowed funds from time to time under its revolving credit facility. Interest expense related to the funds drawn in 2009 was $0.2 million representing a weighted average interest rate of 2.71%. At March 31, 2009 there were no amounts outstanding under this facility.

ANZ Facility The Company has a 170.0 million Australian dollar, dual-currency revolving credit facility due March 2010, which was equivalent to $118.0 million at March 31, 2009. A syndicate of banks made this facility available to a group of the Company's Australian and New Zealand subsidiaries for general corporate purposes, including refinancing of previously outstanding indebtedness. The Company may re-borrow amounts repaid under the ANZ facility from time to time prior to the expiration or earlier termination of the facility. The ANZ facility is scheduled to expire in March 2010. The Company plans to renew or replace the ANZ facility prior to its expiration date. However, the Company cannot give assurance that it will be able to renew or replace this facility. At March 31, 2009 there were no amounts outstanding under this facility.

Covenants

Each issue of the Company's outstanding senior notes imposes limitations on the Company's operations and those of specified subsidiaries. The principal limitations restrict liens, sale and leaseback transactions and mergers, acquisitions and dispositions. The revolving credit facility contains financial covenants relating to interest coverage, debt leverage and minimum liquidity and restrictions on the creation of liens, the incurrence of additional indebtedness, acquisitions, mergers and consolidations, asset sales, and amendments to the Settlement agreement discussed above. The ANZ facility contains financial covenants relating to debt leverage, interest coverage and tangible net worth and restrictions on the creation of liens, the incurrence of additional indebtedness and asset sales, in each case relating to the Australian and New Zealand subsidiaries of the Company that are borrowers under the facility. At March 31, 2009 the Company was in compliance with the above financial covenants and limitations, as applicable.

(11) Derivatives and Hedging Activities

The Company reports all derivative instruments on the balance sheet at fair value and establishes criteria for designation and effectiveness of transactions entered into for hedging purposes.

The Company is exposed to market risk, such as fluctuations in foreign currency exchange rates and changes in interest rates. To manage the volatility relating to these exposures, the Company enters into various derivative instruments from time to time under its risk management policies. The Company designates derivative instruments as hedges on a transaction basis to support hedge accounting. The

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(11) Derivatives and Hedging Activities (Continued)

changes in fair value of these hedging instruments offset in part or in whole corresponding changes in the fair value or cash flows of the underlying exposures being hedged. The Company assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its policy. The Company does not purchase, hold or sell derivative financial instruments for trading purposes. The Company's practice is to terminate derivative transactions if the underlying asset or liability matures or is sold or terminated, or if the Company determines the underlying forecasted transaction is no longer probable of occurring.

Foreign Currency Forward Contracts

The Company is exposed to market risk, such as fluctuations in foreign currency exchange rates. The Company's subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purpose of the Company's foreign currency hedging activities is to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies.

The Company was party to foreign currency forward contracts with an aggregate notional amount of $432.6 million maturing through December 2009 at March 31, 2009 and $395.1 million maturing through October 2008 at March 31, 2008. At December 31, 2008, the Company was party to foreign currency forward contracts with an aggregate notional amount of $421.6 million maturing through March 2009.

These contracts were entered into to minimize the impact of the changes in foreign currencies related to certain foreign currency denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these contracts are recognized in other (expense) income, net, on the condensed consolidated statements of operations and are largely offset by the remeasurement of the underlying foreign currency denominated items. These contracts had original maturities of less than 12 months.

The estimated fair value of these contracts, which represents the estimated net payments that the Company would be paid or received by the Company in the event of termination of these contracts, based on the then current foreign currency exchange rates, was a net payable of $3.1 million at March 31, 2009. At December 31, 2008, the estimated fair value of these contracts was a net receivable of $12.7 million. The related net gains and losses were largely offset by the net gains and losses resulting from the remeasurement of the underlying foreign currency denominated items.

Cash Flow Hedges

In accordance with SFAS No. 133, the Company records gains and losses on derivatives qualifying as cash flow hedges in other comprehensive loss, to the extent that these hedges are effective and until it recognizes the underlying transactions in net earnings, at which time it recognizes these gains and losses in other (expense) income, net, on the condensed consolidated statements of operations. Other comprehensive income reflected net unrealized after tax gains of less than $0.1 million for the three months ended March 31, 2009 and $0.3 million ($0.5 million pre-tax) for the three months ended

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Notes to Condensed Consolidated Financial Statements (Continued)

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(11) Derivatives and Hedging Activities (Continued)

March 31, 2008. The unrealized amounts in other comprehensive loss will fluctuate based on changes in the fair value of open contracts during each reporting period.

Other Derivative Instruments

The Company may use other derivative instruments from time to time, such as foreign exchange options to manage exposure due to foreign exchange rates and interest rate and currency swaps related to access to additional sources of international financing. These instruments can potentially limit foreign exchange exposure and limit or adjust interest rate exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At March 31, 2009, the Company had no foreign exchange options or interest rate and currency swap agreements outstanding.

See Note 12, "Fair Value Measurements," for a discussion of the inputs and valuation techniques used by the Company to determine the fair value of its outstanding derivative instruments.

In accordance with the provisions of SFAS No. 161, the following table details the fair value of the Company's derivative instruments included in the condensed consolidated balance sheets.

	Fair Value of Asset Derivatives(1)		Fair Value of (Liability) Derivatives(1)	
	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
Derivatives designated as hedging instruments under SFAS No. 133:				
Foreign currency forward contracts	$ 0.2	$	$ (0.2)	$ (0.1)
Derivatives not designated as hedging instruments under SFAS No. 133:				
Foreign currency forward contracts	$ 0.7	$ 14.6	$ (3.8)	$ (1.8)
Total	**$ 0.9**	**$ 14.6**	**$ (4.0)**	**$ (1.9)**

(1) Asset derivatives were included in other current assets and liability derivatives were included in other current liabilities on the condensed consolidated balance sheets.

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(11) Derivatives and Hedging Activities (Continued)

The following table details the effect of the Company's derivative instruments on the condensed consolidated statements of operations.

	Amount of Gain (Loss) Recognized in Net Earnings on Derivative(1) Three Months Ended March 31, 2009	2008
Derivatives not designated as hedging instruments under SFAS No. 133:		
Foreign currency forward contracts	$ (2.8)	$ 3.1
Foreign currency option contracts		(0.2)
Total	**$ (2.8)**	**$ 2.9**

(1) Amounts are included in other (expense) income on the condensed consolidated statements of operations.

(12) Fair Value Measurements

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

The following table shows the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis by the input levels, included in SFAS No. 157, as of March 31, 2009 and December 31, 2008:

March 31, 2009	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 6.9	$	$ 6.9	$
Non-current investments available-for-sale securities	$ 10.7	$	$	$ 10.7
Derivative financial liabilities:				
Foreign currency forward contracts	$ 3.1	$	$ 3.1	$

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(Amounts in tables are in millions, except share and per share data)

(12) Fair Value Measurements (Continued)

December 31, 2008	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 32.1	$ 1.9	$ 30.2	$
Non-current investments available-for-sale securities	$ 10.7	$	$	$ 10.7
Derivative financial assets:				
Foreign currency forward contracts	$ 12.7	$	$ 12.7	$

The following table shows a reconciliation of the Company's available-for-sale securities, which are measured at fair value on a recurring basis using Level 3 inputs as of March 31, 2009:

Original cost basis	$ 44.7
Other-than-temporary impairment recognized through March 31, 2009	34.0
Estimated fair value as of March 31, 2009	$ 10.7

Cash Equivalents

The Company's cash equivalents at March 31, 2009 consisted of investments in money market funds. The Company's cash equivalents at December 31, 2008 included time deposits (fair value determined using Level 1 inputs) and commercial paper (fair value determined using Level 2 inputs). Since these are short-term highly liquid investments with original maturities of three months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates.

Non-current Investments Available-for-Sale Securities

The Company's non-current investments available-for-sale securities consist of auction rate securities, which are recorded at fair value on the condensed consolidated balance sheets using an income approach valuation technique based on the Company's observations by analysis and interpretation from related securities in secondary markets.

Since these auction rate securities do not currently have readily available or observable prices, the Company used the income approach to determine the fair value of these securities. Consistent with the provisions of SFAS No. 157 and other guidance provided by the FASB and SEC, the Company calculated an estimated fair value for these investments using a bond calculation. The valuation methodology included the following inputs and assumptions:

Maturity The Company's debt instruments investments have stated maturities that exceed 13 years, while the other investments are non-cumulative perpetual preferred stock investments with no maturity dates. The Company's valuation model assumes that auctions of all of the investments will resume or that a financial resolution will otherwise be achieved within the next 10 years (the "workout period").

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Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(Amounts in tables are in millions, except share and per share data)

(12) Fair Value Measurements (Continued)

Coupon All of these investments are variable rate instruments, with interest rates resetting every 28 days based on a pre-determined formula. Since the workout period is assumed to be 10 years, the Company used the 10-year U.S. dollar interest rate swap rate plus an additional issuer credit spread to reflect a fixed coupon for the debt instruments over the 10-year period. The Company's coupon assumptions for its December 31, 2