

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

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
(State or other jurisdiction
of incorporation or organization)

65-0654331
(I.R.S. Employer Identification Number)

PARK 80 EAST, SADDLE BROOK, NEW JERSEY
(Address of principal executive offices)

07663-5291
(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, Inc.
Series A Convertible Preferred Stock, par value \$0.10 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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.

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant on March 21, 2001 was approximately \$2,900,000,000.

The number of outstanding shares of the registrant's Common Stock as of March 21, 2001 was 83,625,503.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's 2000 Annual Report to Stockholders are incorporated by reference into Parts I and II of this Form 10-K. Portions of the registrant's definitive proxy statement for its 2001 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

- - - - -
- - - - -

PART I

ITEM 1. BUSINESS

Sealed Air Corporation (the "Company"), operating through its subsidiaries, is engaged in the manufacture and sale of a wide range of food, protective and specialty packaging products.

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. References herein to the Company include, collectively, the Company and its subsidiaries, except where the context indicates otherwise.

SEGMENTS

The Company operates in two reportable business segments: (i) food packaging products and (ii) protective and specialty packaging products, described more fully below. Information concerning the Company's reportable segments appears in Note 3 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

FOOD PACKAGING PRODUCTS

The Company's principal food packaging products are its flexible materials and related systems marketed primarily under the Cryovac-Registered Trademark-brand for a broad range of perishable food applications. This segment also includes the Company's rigid packaging and absorbent pads (foam and solid plastic trays and containers for the packaging of a wide variety of food products and absorbent pads used for the packaging of meat, fish and poultry). The products in this segment are primarily sold to food processors, distributors and food service businesses.

FLEXIBLE MATERIALS AND RELATED SYSTEMS

The Company produces a variety of high-performance proprietary flexible films, bags and associated packaging equipment marketed and sold primarily under the Cryovac-Registered Trademark-brand that are used to package a broad range of perishable foods such as fresh meat, smoked and processed meat, cheese, poultry, processed and prepared foods (including soups and sauces for restaurants and institutions) and produce.

Cryovac-Registered Trademark- food packaging products include shrink bags, shrink films and laminated films sold for food packaging applications. Shrink bags and films are co-extruded, multi-layered, shrinkable plastic bags and films that, when exposed to heat, mold themselves to the shape of the product. Laminated films are multi-layered, non-shrinkable plastic materials used to package perishable foods and shelf-stable products such as syrups and toppings. Films and bags are sold in barrier and permeable forms, depending on the extent to which it is desirable that oxygen or other gases pass through the material. For fresh-cut produce, the Company produces films that permit gases to pass through at various rates, thereby matching the varying respiration rates of different vegetables and permitting longer shelf life.

The Company's food packaging equipment offerings include (i) dispensing and loading units to package foods in shrink, vacuum or vacuum skin packages, which can utilize the Company's films and bags; (ii) form-fill-seal units to package foods in pouches, which can be made using the Company's films; (iii) shrink tunnels; (iv) bagging systems; and (v) auxiliary equipment. Systems are marketed to the food processing industry under the Cryovac-Registered Trademark-trademark and other trademarks.

RIGID PACKAGING AND ABSORBENT PADS

The Company manufactures and sells polystyrene foam and solid plastic trays and containers that are used for the packaging of a wide variety of food products. Supermarkets and food processors use these products to protect and display fresh meat, poultry, produce and other food products. The Company also manufactures and sells absorbent pads used for food packaging, including its Dri-Loc-Registered Trademark-

absorbent pads. The Company's trays and pads are often used together. The Company's case ready packaging customers, principally meat and poultry processors, purchase trays, pads and specially designed films and packaging equipment to centrally package meat and poultry products prior to shipment to the supermarket. Case ready packages are virtually ready for the meat case upon arrival at the retail store. During 2000, the Company purchased Dolphin Packaging plc ("Dolphin") to support the Company's case ready packaging business in Europe. In addition to foam and solid plastic trays, Dolphin manufactures and sells containers for customers in the food service, dairy, fruit and salad businesses, among others. The Dolphin acquisition was not material to the Company's consolidated financial statements.

PROTECTIVE AND SPECIALTY PACKAGING PRODUCTS

The Company's protective and specialty packaging products include its cushioning and surface protection products and certain other products. The Company's protective and specialty packaging products and systems are primarily sold to distributors and manufacturers. The products in this segment enable the end users to provide a high degree of protection in packaging their items, by means of cushioning or surface protection, or a combination thereof, as well as void fill. The Company also offers sterilized medical bags and films for use with medical products.

CUSHIONING AND SURFACE PROTECTION PRODUCTS

The Company manufactures and markets Bubble Wrap-Registered Trademark- and AirCap-Registered Trademark- air cellular packaging materials, which consist of air encapsulated between two layers of plastic film, each containing a barrier layer to retard air loss, that form a pneumatic cushion to protect products from damage through shock or vibration during shipment. The Company's Cryovac-Registered Trademark- performance shrink films are sold for non-food product display and merchandising applications. These films are used to "shrink-wrap" a wide assortment of industrial and consumer products. The Company's Instapak-Registered Trademark- polyurethane foam packaging systems (which consist of proprietary blends of polyurethane chemicals, high performance polyolefin films and specially designed dispensing equipment) provide protective packaging for a wide variety of products. CelluPlank-Registered Trademark- plank foams and Stratocell-Registered Trademark- laminated polyethylene foams are generally sold by the Company to fabricators and converters. The Company also manufactures thin polyethylene foams in roll and sheet form under the trademarks Cell-Aire-Registered Trademark- and Cellu-Cushion-Registered Trademark-. Korrvu-Registered Trademark- packaging is the Company's suspension and retention product offering. The Company's insulation products are made with foil-faced air cellular materials.

The Company manufactures and markets Jiffy-Registered Trademark- protective mailers and other durable mailers and bags that are made in several standard sizes and are used for mailing or shipping a wide variety of items. The Company's protective mailers include lightweight, tear-resistant paper mailers marketed under various trademarks, including Jiffylite-Registered Trademark- and Mail Lite-Registered Trademark-, lined with air cellular cushioning material. These products also include the widely used Jiffy-Registered Trademark- padded mailers made from recycled kraft paper padded with macerated recycled newspaper. The Company's durable mailers and bags, made of plastic, are marketed under the ShurTuff-Registered Trademark-, Trigon-Registered Trademark-, Lab Pak-Registered Trademark-, Keepsafe-TM- and Tuffgard-Registered Trademark- brand names. The Company manufactures recycled kraft, tissue and crepe paper for use as a raw material in the manufacture of the Company's protective mailer and food packaging products. The Company also manufactures and sells paper packaging products under the trademarks Kushion Kraft-Registered Trademark-, Custom Wrap-TM-, Jiffy Packaging-Registered Trademark-, Padwrap-Registered Trademark- and Void Kraft-TM-. In certain foreign countries, the Company produces loose-fill polystyrene packaging for sale to customers in those countries.

The Company offers inflatable packaging systems, including its Rapid Fill-Registered Trademark- system, which consists of a compact, portable inflator and self-sealing inflatable plastic bags, and its Fill-Air-TM- system, which converts rolls of polyethylene film into continuous perforated chains of air-filled cushions. The Company's innovative VistaFlex-Registered Trademark- inflatable packaging system, which consists of a microprocessor-controlled inflation system and inflatable cushions, produces air-filled cushions designed for each

particular packaging application. The Company produces and markets converting systems that convert certain of the Company's packaging materials, including air cellular cushioning materials, thin polyethylene foam and paper packaging materials, into sheets of a pre-selected size and quantity or, for the Company's recycled kraft paper, into paper dunnage material. The Company also offers shrink-wrap equipment for use with shrink films. During 2000, the Company acquired Shanklin Corporation, a leading provider of high-performance shrink film packaging equipment, which complements the Company's broad line of high performance shrink-films. The Shanklin acquisition was not material to the Company's consolidated financial statements.

OTHER PRODUCTS

The Company manufactures and sells a number of non-packaging products, including specialty adhesive tapes, solar collectors and covers for swimming pools, recycled kraft, tissue and crepe paper, and certain products related to the elimination and neutralization of static electricity.

FOREIGN OPERATIONS

The Company operates in the United States and in 45 other countries, and its products are distributed in those countries as well as in other parts of the world. In recent years, the Company has extended its protective packaging operations into countries where the Company previously had established food packaging operations, including several European, Latin American and Asia/Pacific countries and South Africa, and has also extended its protective packaging operations into Israel. In maintaining its foreign operations, the Company runs the risks inherent in such operations, including those of currency fluctuations. Information on currency exchange risks is incorporated by reference in Item 7A of this Annual Report on Form 10-K. Financial information about geographic areas, including net sales and total long-lived assets, for each of the years in the three-year period ended December 31, 2000 appears in Note 3 of the Notes to Consolidated Financial Statements incorporated by reference in Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

MARKETING, DISTRIBUTION AND CUSTOMERS

The Company employs over 1,300 sales and technical support representatives in the countries in which it operates who market the Company's products through a large number of distributors, fabricators and converters as well as directly to end users. In the United States and certain other countries, the Company has separate sales and marketing groups for many of its product lines. These groups often work together to develop market opportunities for the Company's products.

To support the Company's food packaging customers, the Company has food science laboratories in a number of locations that assist customers in identifying the appropriate food packaging materials and systems to meet their needs. The Company also offers customized graphic design services to its food packaging and mailer customers.

To assist its marketing efforts for its protective and specialty packaging products and to provide specialized customer services, the Company maintains packaging laboratories in many of its United States and foreign facilities. These laboratories are staffed by professional packaging engineers and equipped with drop-testing and other equipment used to develop and test cost-effective package designs to meet the particular protective and specialty packaging requirements of each customer.

The Company has no material long-term contracts for the distribution of its products. In 2000, no customer or affiliated group of customers accounted for as much as 10% of the Company's consolidated net sales.

Although net sales of both food packaging products and protective and specialty packaging products tend to be slightly higher in the fourth quarter, the Company does not consider seasonality to be a material factor to its consolidated business.

COMPETITION

Competition for most of the Company's packaging products is based primarily on packaging performance characteristics, service and price. Since competition is also based upon innovations in packaging technology, the Company's ongoing research and development programs are intended to enable the Company to maintain technological leadership. Certain companies producing competing products are well established and may have greater financial resources than the Company.

There are a number of competing manufacturers of food packaging products, including companies offering similar products that operate on a global basis, as well as those that operate in a region or single country. Competing manufacturers produce a wide variety of food packaging based on plastic, paper, metals and other materials. The Company believes that it is one of the leading suppliers of flexible food packaging materials and related systems in the principal geographic areas in which it offers those products and one of the leading suppliers of absorbent pads for food products to supermarkets and poultry processors in the United States.

The Company's protective and specialty packaging products compete with similar products made by others and with a number of other packaging materials that are used to provide protection against damage to the packaged product during its shipment and storage. Competitive materials include various forms of paper packaging products, expanded plastics, corrugated die cuts, loosefill packaging materials, strapping, envelopes, reinforced bags, boxes and other containers and various corrugated materials. Heavy-duty applications of the Company's Instapak-Registered Trademark- packaging and its plank and laminated foam products also compete with various types of molded foam plastics, fabricated foam plastics and mechanical shock mounts and with wood blocking and bracing systems. The Company believes that it is one of the leading suppliers of air cellular cushioning materials containing a barrier layer, shrink films for industrial and commercial applications, protective mailers and polyurethane foam packaging systems in the geographic areas in which it sells these products.

RAW MATERIALS

The raw materials utilized in the Company's operations generally have been readily available on the open market and in most cases are available from several suppliers. Some materials used in the Company's protective packaging products are reprocessed from scrap generated in the Company's manufacturing operations or obtained through participation in recycling programs. The principal raw materials used in the Company's food packaging products include polyolefin and other resins and films, paper and wood pulp products and blowing agents used in foam packaging products. The principal raw materials used in the Company's protective and specialty packaging products include raw materials similar to those used in its food packaging products, as well as polyurethane chemicals. The Company also offers a wide variety of specialized packaging equipment, some of which it manufactures (or has manufactured to its specifications), some of which it assembles and some of which it purchases from other suppliers.

PRODUCT DEVELOPMENT

The Company maintains a continuing effort to develop new products and improvements to its existing products and processes as well as new packaging and non-packaging applications for its products. From time to time the Company also acquires promising new packaging designs or techniques developed by others and commercializes them. In recent years, the Company has instituted ongoing programs of joint research and development projects combining the technical capabilities of its food

packaging operations and its protective and specialty packaging operations. The Company incurred expenses of \$54,264,000 related to Company-sponsored research and development in 2000, compared with \$56,452,000 during 1999, and \$57,524,000 during 1998.

PATENTS AND LICENSES

The Company is the owner or licensee of a number of United States and foreign patents and patent applications that relate to certain of its products, manufacturing processes and equipment. The Company's patents, licenses and trademarks collectively provide a competitive advantage. No single patent or license alone, however, provides the Company with such an advantage. Rather, the Company believes that its success depends primarily on its marketing, engineering and manufacturing skills and on its ongoing research and development efforts. The Company believes that the expiration or unenforceability of any of such patents, applications or licenses would not be material to the Company's business or financial position.

ENVIRONMENTAL MATTERS

The Company, like other manufacturers, is subject to various laws, rules and regulations in the countries, jurisdictions and localities in which it operates regulating the discharge of materials into the environment or otherwise relating to the protection of the environment. The Company believes that compliance with current environmental laws and regulations has not had a material effect on the Company's capital expenditures or financial position.

In some jurisdictions in which the Company's packaging products are sold or used, laws and regulations have been adopted or proposed that seek to regulate, among other things, recycled or reprocessed content, sale or disposal of packaging materials. In addition, customer demand for packaging materials that are viewed as being "environmentally responsible" and that minimize the generation of solid waste continues to evolve. While these issues can be a competitive factor in the marketplace for packaging materials, the Company maintains active programs designed to comply with these laws and regulations, to monitor their evolution, and to meet such customer demand.

The Company also supports its customers' interests in eliminating waste by offering or participating in collection programs for certain of the Company's products or product packaging and for materials used in certain of the Company's products, and, when possible, materials collected through these collection programs are reprocessed and either reused in the Company's protective packaging operations or offered to other manufacturers for use in other products.

EMPLOYEES

At December 31, 2000, the Company had approximately 17,750 employees worldwide.

ITEM 2. PROPERTIES

The Company's food packaging products are produced in 46 manufacturing facilities (14 in North America, 15 in Europe, 5 in Latin America, 11 in the Asia Pacific region, and 1 in South Africa). Protective and specialty packaging products are produced in 72 manufacturing facilities (32 in North America, 20 in Europe, 6 in Latin America, 12 in the Asia Pacific region, and 2 in South Africa). Several of the Company's manufacturing facilities serve both segments. Certain of these facilities are for converting operations. The Company occupies other facilities containing sales, distribution, technical, warehouse or administrative functions at a number of locations in the United States and in various foreign countries.

In the United States, the Company's food packaging products are manufactured at facilities in California, Indiana, Iowa, Missouri, New York, North Carolina, Pennsylvania, South Carolina and Texas.

Its protective and specialty packaging products are manufactured at facilities in California, Connecticut, Georgia, Illinois, Indiana, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Texas and Washington. Because of the light but voluminous nature of the Company's air cellular, polyethylene foam and protective mailer products, significant freight savings may be realized by locating manufacturing facilities for these products near customers. To realize the benefit of such savings, the Company has facilities for manufacturing these products in various locations in proximity to customers.

The Company owns the large majority of its manufacturing facilities, certain of which are owned subject to mortgages or similar financing arrangements. The balance of the Company's manufacturing facilities are located in leased premises. The Company's manufacturing facilities are usually located in general purpose buildings in which the Company's specialized machinery for the manufacture of one or more products is contained. The Company believes that its manufacturing facilities are well maintained, suitable for their purposes, and adequate for the Company's needs.

ITEM 3. LEGAL PROCEEDINGS

On March 31, 1998, the Company completed a multi-step transaction (the "Cryovac Transaction"). As part of that transaction, the Cryovac packaging business ("Cryovac"), held by various direct and indirect subsidiaries of the Company, was separated from the remaining business, and the Company and one of its subsidiaries borrowed approximately \$1,260,000,000. The remaining business, which received the borrowed funds referred to in the preceding sentence, was then contributed to a company now known as W. R. Grace & Co. ("New Grace"), whose shares were distributed to the Company's stockholders. As a result, New Grace became a separate publicly owned company. The Company and its subsidiary retained the obligation to repay such borrowed funds. A subsidiary of the Company then merged into the former Sealed Air Corporation ("old Sealed Air"), which changed its name to Sealed Air Corporation (US). References to "Grace" herein refer to the Company and its then subsidiaries before the Cryovac Transaction. The agreements pursuant to which the Cryovac Transaction was carried out are referred to herein as the "Transaction Agreements."

In connection with the Cryovac Transaction, New Grace and its subsidiaries retained all liabilities of Grace, whether accruing or occurring before or after the Cryovac Transaction, other than liabilities arising from or relating to Cryovac's operations. The liabilities retained by New Grace include, among others, liabilities relating to asbestos-containing products previously manufactured or sold by Grace subsidiaries, including its primary U.S. operating subsidiary, which has operated for decades and has been a subsidiary of New Grace since the Cryovac Transaction. The Transaction Agreements provided that, should any claimant seek to hold the Company, including any of its subsidiaries, responsible for liabilities of New Grace or its subsidiaries, including such asbestos-related liabilities, New Grace and its subsidiaries would indemnify and defend the Company.

Since the beginning of 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac Transaction, the Company is responsible for alleged asbestos liabilities of New Grace and its subsidiaries, certain of which are also named as co-defendants in these actions. As of March 21, 2001, pending actions include eight purported class action lawsuits and thirteen personal injury lawsuits. These cases are all in the pre-trial stage, and none has been resolved through judgment, settlement or otherwise. The purported class action lawsuits include the following:

TENNISON V. W. R. GRACE & COMPANY, ET AL., filed in February 2000 and pending in the U.S. District Court, District of Montana, Missoula Division. The relief sought includes environmental remediation and restoration, property damages and punitive damages arising from vermiculite mining and processing operations formerly owned and operated by Grace in Libby, Montana that allegedly resulted in asbestos contamination of the surrounding area. The putative class consists of

owners of improved private properties within a 12 mile radius of the courthouse in Libby, Montana.

GRENFELL V. W. R. GRACE & COMPANY, ET AL., filed in February 2000 and pending in the Multidistrict Litigation (MDL) 875 in the U.S. District Court, Eastern District of Pennsylvania. The relief sought includes medical monitoring and punitive damages arising from alleged asbestos-contaminated vermiculite mining and processing operations formerly owned and operated by Grace in Libby, Montana. The putative class consists of residents and former residents who lived, for at least one year since 1930, within a 12 mile radius of the courthouse in Libby, Montana, and employees who worked for at least one year at the local vermiculite processing plant and members of their households.

BARBANTI V. W. R. GRACE & COMPANY-CONN., ET AL., filed in March 2000 and pending in the Superior Court, State of Washington, County of Spokane. The relief sought includes identification of affected properties, notification of class members, a remediation fund, punitive damages and other relief. The complaint is brought on behalf of owners or occupiers of real property located in the State of Washington in which Zonolite Attic Insulation has been installed and alleges that such insulation contains asbestos-contaminated vermiculite. Although the class has been certified, New Grace and the Company have requested discretionary appellate review of the class certification ruling.

PRICE V. W. R. GRACE & COMPANY, ET AL., filed in April 2000, and HUNTER V. W. R. GRACE & COMPANY, ET AL., filed in July 2000, both of which are pending in MDL 1376 in the U.S. District Court, District of Massachusetts. In both cases, the purported class consists of owners or occupiers of real property located in the United States in which Zonolite Attic Insulation has been installed. The relief sought includes identification of affected properties, notification to purported class members, funds for research, a remediation program, punitive damages and other relief.

CHAKARIAN V. W. R. GRACE & COMPANY, ET AL., filed in May 2000 and pending in the MDL 875 in the U.S. District Court, Eastern District of Pennsylvania. The purported class consists of all employees who worked for three months or more at any Grace plant that processed vermiculite and members of their households. The relief sought includes medical monitoring, research funds, and warnings to the purported class.

MCMURCHIE V. W. R. GRACE & COMPANY-CONN., ET AL., filed October 2000 and pending in the District Court, Fourth Judicial District, County of Hennepin, Minnesota. The purported class consists of owners or occupiers of real property located in the State of Minnesota in which vermiculite attic insulation has been installed. The relief sought includes identification of affected properties, warnings to the purported class, research funds, and other relief.

ABNER, ET AL., V. W. R. GRACE & COMPANY, ET AL., filed in September 2000 and pending in the Superior Court of California, County of San Francisco. The purported class consists of all persons who have lawsuits on file in the United States that are pursuing unsatisfied personal injury or wrongful death claims against any of the defendants based on asbestos exposure. Other defendants include New Grace and related companies, Merrill Lynch, Pierce, Fenner & Smith Inc., Credit Suisse First Boston Corp., National Medical Care, Inc., and Fresenius Medical Care, Inc., and related companies. The plaintiffs allege that the Cryovac Transaction and an earlier 1996 transaction between Grace and Fresenius AG constitute fraudulent conveyances, result from civil conspiracies and constitute unfair business practices. Relief sought includes an accounting for all transfers of assets of Grace and proceeds from the distribution of such assets and receipt of fees in connection with such transactions, a declaration that both transactions were fraudulent transfers, establishment of a constructive trust on all assets transferred in such transactions and a determination that the defendants are jointly and severally responsible for damages equal to the

full fair market value of all assets transferred in connection with such transactions, among other remedies.

Plaintiffs in the personal injury lawsuits seek damages for personal injury or wrongful death related to alleged exposures to asbestos-containing products. While the allegations that are directed to the Company in all of the cases mentioned above vary, these actions all appear to allege that the Cryovac Transaction was a fraudulent transfer or gave rise to successor liability.

In addition, the Company has been advised that plaintiffs in a substantial number of Ohio state court asbestos-related personal injury lawsuits have been granted permission to amend their complaints to add the Company as an additional defendant. However, the Company has not been served in any of such actions and lacks further information about these actions.

The Company believes that it is well-positioned to defend the allegations against it in any asbestos-related actions. Neither old Sealed Air nor Cryovac has ever produced or sold any asbestos-containing products. To the extent that the Company is named in any asbestos-related actions, the Company intends to defend its interests vigorously. However, an adverse outcome could have a material adverse effect on the Company's results of operations or consolidated financial position. While it is not possible to predict the outcome of any litigation, based on the facts known to the Company, the Company does not believe that an adverse outcome is probable. Thus, in accordance with generally accepted accounting principles, the Company has not recorded any liability in its financial statements for these actions.

The Company's legal defense costs to date (including costs paid by New Grace under the Transaction Agreements) have not been material. In late January 2001, New Grace announced that it was reviewing the strategic and operating issues associated with continuing to defend asbestos litigation through the court system versus seeking a resolution of such litigation through reorganization under Chapter 11 of the U.S. Bankruptcy Code. If New Grace were to file under Chapter 11 of the Bankruptcy Code, that would not alter the Company's views expressed in the preceding paragraph. However, if New Grace files under Chapter 11 or fails to indemnify and defend the Company, the Company could incur additional asbestos-related costs that could become material to the Company's results of operations or consolidated financial position.

The Company's worldwide operations are subject to environmental laws and regulations which, among other things, impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. The Company reviews the effects of environmental laws and regulations on its operations and believes that it is in substantial compliance with all material applicable environmental laws and regulations.

At December 31, 2000, the Company was a party to, or otherwise involved in, several federal and state government environmental proceedings and private environmental claims for the cleanup of Superfund or other sites. The Company may have potential liability for investigation and clean up of certain of such sites. At most of such sites, numerous companies, including either the Company or one of its predecessor companies, have been identified as potentially responsible parties ("PRPs") under Superfund or related laws. It is the Company's policy to provide for environmental cleanup costs if it is probable that a liability has been incurred and if an amount which is within the estimated range of the costs associated with various alternative remediation strategies is reasonably estimable, without giving effect to any possible future insurance proceeds. As assessments and cleanups proceed, these liabilities are reviewed periodically and adjusted as additional information becomes available. At December 31, 2000, such environmental related provisions were not material. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to the Company and its experience in dealing with such matters, the Company believes that its potential future liability with respect to such sites is not material to the Company's results of operations or consolidated financial position.

The Company is also involved in various other legal actions incidental to its business. Company management believes, after consulting with counsel, that the disposition of these other legal proceedings and matters will not have a material effect on the Company's results of operations or consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's stockholders during the fourth quarter of 2000.

EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing in the table below sets forth the current position or positions held by each executive officer of the Company, his or her age as of March 15, 2001, the year in which he or she was first elected to the position currently held with the Company or with old Sealed Air (as indicated in the footnote to the table), and the year in which he or she was first elected an officer of the Company or of old Sealed Air (as indicated in the footnote to the table).

All of the Company's officers serve at the pleasure of the Board of Directors. All officers have been employed by the Company or its subsidiaries for more than five years except for Mr. Van Riper, who was elected Senior Vice President and Chief Financial Officer of the Company effective July 1, 1998. Previously Mr. Van Riper was a partner in the accounting firm of KPMG LLP, which was the independent auditor for old Sealed Air for many years prior to the Cryovac Transaction and has acted

as the independent auditor for the Company since the Cryovac Transaction. There are no family relationships among any of the Company's officers or directors.

NAME AND CURRENT POSITION	AGE AS OF MARCH 15, 2001	FIRST ELECTED TO CURRENT POSITION*	FIRST ELECTED AN OFFICER*
William V. Hickey..... President, Chief Executive Officer and Director	56	2000	1980
Robert A. Pesci..... Senior Vice President	55	1997	1990
Daniel S. Van Riper..... Senior Vice President and Chief Financial Officer	60	1998	1998
Jonathan B. Baker..... Vice President	48	1994	1994
James A. Bixby..... Vice President	57	1990	1990
Mary A. Coventry..... Vice President	47	1994	1994
Jean-Luc Debry..... Vice President	55	1992	1992
James P. Mix..... Vice President	49	1994	1994
Manuel Mondragon..... Vice President	51	1999	1999
J. Stuart K. Prosser..... Vice President	55	1999	1999
Abraham N. Reichental..... Vice President	44	1994	1994
Hugh L. Sargant..... Vice President	52	1999	1999
Horst Tebbe..... Vice President	60	1998	1986
Alan S. Weinberg..... Vice President	59	1998	1998
Tod S. Christie..... Treasurer	42	1999	1999
Jeffrey S. Warren..... Controller	47	1996	1996
H. Katherine White..... General Counsel and Secretary	55	1998	1996

* Messrs. Christie, Mondragon, Prosser, Sargant, Van Riper and Weinberg were first appointed to executive officer positions after the Cryovac Transaction. All other persons listed in the table were executive officers of old Sealed Air prior to the Cryovac Transaction.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information appearing under the caption "Capital Stock Information" in the Company's 2000 Annual Report to Stockholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information appearing under the caption "Selected Financial Data" in the Company's 2000 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's 2000 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition--Quantitative and Qualitative Disclosures about Market Risk" in the Company's 2000 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Consolidated Financial Statements and Schedule on page F-2 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Part of the information required in response to this Item is set forth in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant," and the balance will be set forth in the Company's Proxy Statement for its 2001 Annual Meeting of Stockholders under the captions "Information Concerning Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance." All such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2001 Annual Meeting of Stockholders under the captions "Directors' Compensation," "Summary Compensation Table" and "Compensation Committee Interlocks and Insider Participation." Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2001 Annual Meeting of Stockholders under the caption "Voting Securities." Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this Item will be set forth in the Company's Proxy Statement for its 2001 Annual Meeting of Stockholders under the caption "Summary Compensation Table." Such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) DOCUMENTS FILED AS A PART OF THIS ANNUAL REPORT ON FORM 10-K:

(i) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

See Index to Consolidated Financial Statements and Schedule on page F-2 of this Annual Report on Form 10-K.

(ii) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Distribution Agreement dated as of March 30, 1998 among the Company, W. R. Grace & Co.-Conn. ("Grace-Conn."), and New Grace. [Exhibit 2.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
3.1	Amended and Restated Certificate of Incorporation of the Company as currently in effect.
3.2	Amendments to the Certificate of Incorporation, effective December 28, 2000.
3.3	Amended and Restated By-Laws of the Company as currently in effect.
3.4	Amendments to the By-Laws of the Company, effective November 2, 2000.
3.5	Amendment to the By-Laws of the Company, effective February 8, 2001.
10.1	Employee Benefits Allocation Agreement dated as of March 30, 1998 among the Company, Grace-Conn. and New Grace. [Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.2	Tax Sharing Agreement dated as of March 30, 1998 by and among the Company, Grace-Conn. and New Grace. [Exhibit 10.2 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.3	Restricted Stock Plan for Non-Employee Directors of the Company. [Annex E to the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders is incorporated herein by reference.]*
10.4	Grace 1996 Stock Incentive Plan, as amended.[Exhibit 10.1 to the Quarterly Report on Form 10-Q of Grace for the quarter ended March 31, 1997, File No. 1-12139, is incorporated herein by reference.]*
10.5	Grace 1994 Stock Incentive Plan, as amended.[Exhibit 10.6 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*

EXHIBIT NUMBER	DESCRIPTION
10.6	Grace 1989 Stock Incentive Plan, as amended. [Exhibit 10.5 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*
10.7	Grace 1986 Stock Incentive Plan, as amended. [Exhibit 10.4 to the Current Report on Form 8-K filed October 10, 1996 of Grace, File No. 1-12139, is incorporated herein by reference.]*
10.8	Form of Contingent Stock Purchase Agreement--Section 162(m) Officer.*
10.9	Form of Contingent Stock Purchase Agreement--Officer. [Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-12139, is incorporated herein by reference.]*
10.10	Form of Restricted Stock Purchase Agreement.[Exhibit 4.4 to the Company's Registration Statement on Form S-8, Registration No. 333-59195, is incorporated herein by reference.]*
10.11	Global Revolving Credit Agreement (5-year) dated as of March 30, 1998 among the Company, certain of its subsidiaries including Cryovac, Inc., ABN AMRO Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N. A., and the other banks party thereto. [Exhibit 10.3 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.12	Global Revolving Credit Agreement (364-day) dated as of March 30, 1998 among the Company, certain of its subsidiaries including Cryovac, Inc., ABN AMRO Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N. A., and the other banks party thereto. [Exhibit 10.4 to the Company's Current Report on Form 8-K, Date of Report March 31, 1998, File No. 1-12139, is incorporated herein by reference.]
10.13	First Amendment, dated as of March 16, 1999, to Global Revolving Credit Agreement (5-year), among the Company, certain of the Company's subsidiaries as borrowers and guarantors thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 1-12139, is incorporated herein by reference.]
10.14	First Amendment, dated as of March 16, 1999, to Global Revolving Credit Agreement (364-day), among the Company, certain of the Company's subsidiaries as borrowers and guarantors thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 1-12139, is incorporated herein by reference.]
10.15	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (5-year), among the Company, certain of the Company's subsidiaries as guarantors and/ or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]

EXHIBIT NUMBER	DESCRIPTION
10.16	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (364-day), among the Company, certain of the Company's subsidiaries as guarantors and/or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]
10.17	Third Amendment, dated as of March 24, 2000, to Global Revolving Credit Agreement (364-day), among the Company, certain of the Company's subsidiaries as borrowers and guarantors thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, File No. 1-12139, is incorporated herein by reference.]
10.18	Agreement dated as of April 6, 1999, between the Company and J. Gary Kaenzig, Jr. [Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-12139, is incorporated herein by reference.]*
10.19	Consulting Agreement, dated as of February 29, 2000, between the Company and T. J. Dermot Dunphy. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, File No. 1-12139 is incorporated herein by reference.]*
10.20	Agreement, dated as of December 13, 2000, between the Company and Leonard R. Byrne.*
10.21	Sealed Air Corporation Performance-Based Compensation Program, as approved by the Company's stockholders. [Annex A to the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders is incorporated herein by reference.]*
10.22	Contingent Stock Plan of the Company, as amended. [Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-12139 is incorporated herein by reference.]*
10.23	Form of Compensation Deferral Agreement. [Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2000, File No. 1-12139 is incorporated herein by reference.]*
13	Portions of the Company's 2000 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.
21	Subsidiaries of the Company.
23	Consent of KPMG LLP.

* Compensatory plan or arrangement of management required to be filed as an exhibit to this report on Form 10-K.

(b) REPORTS ON FORM 8-K:

The Company furnished the following report under Item 9 of Form 8-K during the fiscal quarter ended December 31, 2000:

DATE OF REPORT	DISCLOSURE
November 14, 2000	Item 9 Regulation FD disclosure of a presentation by executives of the Company about Sealed Air Corporation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEALED AIR CORPORATION
(Registrant)

By /s/ WILLIAM V. HICKEY

William V. Hickey
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date: March 23, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	SIGNATURE -----	TITLE -----	DATE -----
By	/s/ WILLIAM V. HICKEY ----- William V. Hickey	President, Chief Executive Officer and Director (Principal Executive Officer)	March 23, 2001
By	/s/ DANIEL S. VAN RIPER ----- Daniel S. Van Riper	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 23, 2001
By	/s/ JEFFREY S. WARREN ----- Jeffrey S. Warren	Controller (Principal Accounting Officer)	March 23, 2001
By	/s/ HANK BROWN ----- Hank Brown	Director	March 23, 2001
By	/s/ JOHN K. CASTLE ----- John K. Castle	Director	March 23, 2001
By	/s/ LAWRENCE R. CODEY ----- Lawrence R. Codey	Director	March 23, 2001
By	/s/ T. J. DERMOT DUNPHY ----- T. J. Dermot Dunphy	Director	March 23, 2001
By	/s/ CHARLES F. FARRELL, JR. ----- Charles F. Farrell, Jr.	Director	March 23, 2001
By	/s/ SHIRLEY A. JACKSON ----- Shirley A. Jackson	Director	March 23, 2001
By	/s/ ALAN H. MILLER ----- Alan H. Miller	Director	March 23, 2001
By	/s/ JOHN E. PHIPPS ----- John E. Phipps	Director	March 23, 2001

SEALED AIR CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

F-1

SEALED AIR CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

	PAGE ----
Independent Auditors' Report.....	*
Financial Statements:	
Consolidated Statements of Earnings for the years ended December 31, 2000, 1999 and 1998.....	*
Consolidated Balance Sheets--December 31, 2000 and 1999.....	*
Consolidated Statements of Equity for the years ended December 31, 2000, 1999 and 1998.....	*
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.....	*
Consolidated Statements of Comprehensive Income for the years ended December 31, 2000, 1999 and 1998.....	*
Notes to Consolidated Financial Statements.....	*
Independent Auditors' Report on Schedule.....	F-3
Consolidated Schedule:	
II--Valuation and Qualifying Accounts.....	F-4

- - - - -

* The information required appears on pages 26 through 54 of the Company's 2000 Annual Report to Stockholders and is incorporated by reference into this Annual Report on Form 10-K.

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

The Board of Directors
Sealed Air Corporation:

Under date of January 25, 2001, we reported on the consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2000, as contained in the 2000 Annual Report to Shareholders of Sealed Air Corporation. These consolidated financial statements and our report thereon are incorporated by reference in this Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

KPMG LLP
Short Hills, New Jersey
January 25, 2001

SEALED AIR CORPORATION AND SUBSIDIARIES
SCHEDULE II
Valuation and Qualifying Accounts
Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS		DEDUCTIONS (2)	BALANCE AT END OF YEAR
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS (1)		
Year ended December 31, 2000					
Allowance for doubtful accounts....	21,396	3,783	627	(4,635)	21,171
	=====	=====	=====	=====	=====
Year ended December 31, 1999					
Allowance for doubtful accounts....	17,945	6,662	1,936	(5,147)	21,396
	=====	=====	=====	=====	=====
Year ended December 31, 1998					
Allowance for doubtful accounts....	7,256	11,300	5,539	(6,150)	17,945
	=====	=====	=====	=====	=====

(1) In 1998, primarily allowance for doubtful accounts of old Sealed Air acquired on March 31, 1998.

(2) Primarily accounts receivable balances written off.

(Unofficial Composite Copy through filing of December 28, 2000)

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SEALED AIR CORPORATION

FIRST: The name of the corporation is Sealed Air Corporation (the "CORPORATION").

SECOND: The registered office of the Corporation in the State of Delaware is to be located at The Prentice-Hall Corporation System, Inc., 1013 Centre Road, Wilmington, New Castle County, Delaware 19805. Its registered agent at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 450,000,000, consisting of 400,000,000 shares of Common Stock, par value \$0.10 per share (the "COMMON STOCK"), and 50,000,000 shares of Preferred Stock, par value \$0.10 per share (the "PREFERRED STOCK").

The Preferred Stock may be issued from time to time in one or more series. The powers, designations, preferences and other rights and qualifications, limitations or restrictions of the Preferred Stock of each series shall be such as are stated and expressed in this Article Fourth and, to the extent not stated and expressed herein, shall be such as may be fixed by the Board of Directors (authority so to do being hereby expressly granted) and stated and expressed in a resolution or resolutions adopted by the Board of Directors providing for the initial issue of Preferred Stock of such series. Such resolution or resolutions shall (a) fix the dividend rights of holders of shares of such series, (b) fix the terms on which stock of such series may be redeemed if the shares of such series are to be redeemable, (c) fix the rights of the holders of stock of such series upon dissolution or any distribution of assets, (d) fix the terms or amount of the sinking fund, if any, to be provided for the purchase or redemption of stock of such series, (e) fix the terms upon which the stock of such series may be converted into or exchanged for stock of any other class or classes or of any one or more series of Preferred Stock if the shares of such series are to be convertible or exchangeable, (f) fix the voting rights, if any, of the shares of such series and (g) fix such other powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof desired to be so fixed.

Except to the extent otherwise provided in the resolution or resolutions of the Board of Directors providing for the initial issue of shares of a particular series or expressly required by law, holders of shares of Preferred Stock of any series shall be entitled to one vote for each share thereof so held, shall vote share for share with the holders of the Common Stock without distinction as to class and shall not be entitled to vote separately as a class or series of a class. The number of shares of Preferred Stock authorized to be issued may be increased or decreased from time to time by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, and the holders of the Preferred Stock shall not be entitled to vote separately as a class or series of a class on any such increase or decrease. For the purposes of this Amended and Restated Certificate of Incorporation, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

All shares of any one series of Preferred Stock shall be identical with each other in all respects except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall accumulate, and all series of Preferred Stock shall rank equally and be identical in all respects except as specified in the respective resolutions of the Board of Directors providing for the initial issue thereof.

Subject to the prior and superior rights of the Preferred Stock as set forth in any resolution or resolutions of the Board of Directors providing for the initial issuance of any particular series of Preferred Stock, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor and the Preferred Stock shall not be entitled to participate in any such dividend.

One series of Preferred Stock authorized hereby shall be Series A Convertible Preferred Stock, as follows:

1. NUMBER OF SHARES AND DESIGNATION. 28,289,714 shares of Preferred Stock of the Corporation shall constitute a series of Preferred Stock designated as Series A Convertible Preferred Stock (the "SERIES A PREFERRED STOCK"). The number of shares of Series A Preferred Stock may be increased (to the extent of the Corporation's authorized and unissued Preferred Stock) or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors and the filing of a certificate of increase or decrease, as the case may be, with the Secretary of State of Delaware.

2. RANK. The Series A Preferred Stock shall, with respect to payment of dividends, redemption payments and rights upon liquidation, dissolution or winding up of the affairs of the Corporation, (i) rank senior and prior to the Common Stock and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities, including the Common Stock, are collectively referred to herein as the "JUNIOR SECURITIES"), (ii) rank on a parity with each other class or series of equity securities of the Corporation (other than the

Common Stock), whether currently issued or issued in the future, that does not by its terms expressly provide that it ranks senior to or junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "PARITY SECURITIES"), and (iii) rank junior to each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks senior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "SENIOR SECURITIES"). The respective definitions of Junior Securities, Parity Securities and Senior Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Junior Securities, Parity Securities or Senior Securities, as the case may be.

3. DIVIDENDS.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, cash dividends at the annual rate of \$2.00 per share. Such dividends shall be payable quarterly in arrears, in equal amounts, on April 1, July 1, October 1 and January 1 of each year (unless such day is not a Business Day (as defined below), in which event such dividends shall be payable on the next succeeding Business Day), commencing July 1, 1998 (each such payment date being a "DIVIDEND PAYMENT DATE" and from the date of issuance until the first Dividend Payment Date and each such quarterly period thereafter being a "DIVIDEND PERIOD"). Dividends on shares of Series A Preferred Stock shall be cumulative from the date of issue, whether or not in any Dividend Period there shall be funds of the Corporation legally available for the payment of dividends. The amount of dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. The amount of dividends payable on the Series A Preferred Stock for the initial Dividend Period, or for any other period shorter or longer than a full Dividend Period, shall be computed on the basis of a 360-day year of twelve 30-day months. As used herein, the term "BUSINESS DAY" means any day except a Saturday, Sunday or day on which banking institutions are legally authorized to close in the City of New York.

(b) Each dividend shall be payable to the holders of record of shares of Series A Preferred Stock as they appear on the stock records of the Corporation at the close of business on such record dates (each, a "DIVIDEND PAYMENT RECORD DATE"), which shall be not more than 60 days nor less than 10 days preceding the Dividend Payment Date thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not more than 60 days nor less than 10 days preceding the payment date thereof, as may be fixed by the Board of Directors. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

(c) Except as described in the next succeeding sentence, so long as any shares of Series A Preferred Stock are outstanding, (i) no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, on any Parity Securities for any period unless the Corporation has paid or contemporaneously pays or declares and sets apart for payment on the Series A Preferred Stock all accrued and unpaid dividends for all Dividend Periods terminating on or prior to the date of payment of such dividends, and (ii) no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, on the Series A Preferred Stock for any Dividend Period unless the Corporation has paid or contemporaneously pays or declares and sets apart for payment on any Parity Securities all accrued and unpaid dividends for all dividend payment periods terminating on or prior to the Dividend Payment Date for such dividends. Unless and until dividends accrued but unpaid in respect of all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to any Parity Securities at the time outstanding shall have been paid in full or a sum sufficient for such payment is set apart, all dividends declared by the Corporation upon shares of Series A Preferred Stock and upon all Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series A Preferred Stock and Parity Securities.

(d) So long as any shares of Series A Preferred Stock are outstanding, no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, upon any Junior Securities (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of Junior Securities), nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of any employee or director incentive or benefit plans or arrangements of the Corporation or any subsidiary of the Corporation) for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such Junior Securities) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of Series A Preferred Stock and any other Parity Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and for the current dividend period with respect to such Parity Securities.

(e) The Corporation shall not, directly or indirectly, make any payment on account of any purchase, redemption, retirement or other acquisition of any Parity Securities (other than for consideration payable solely in Junior Securities) unless all accrued and unpaid dividends on the Series A Preferred Stock for all Dividend Payment Periods ending on or before such payment for such Parity Securities shall have been paid or declared and set apart for payment.

(f) If at any time the Corporation issues any Senior Securities and the Corporation shall have failed to declare and pay or set apart for payment accrued and unpaid

dividends on such Senior Securities, in whole or in part, then (except to the extent allowed by the terms of the Senior Securities) no dividends shall be declared or paid or set apart for payment on the Series A Preferred Stock unless and until all accrued and unpaid dividends with respect to the Senior Securities, including the full dividends for the then-current dividend period, shall have been declared and paid or set apart for payment.

4. LIQUIDATION PREFERENCE.

(a) The liquidation preference for the shares of Series A Preferred Stock shall be \$50.00 per share, plus an amount equal to the dividends accrued and unpaid thereon, whether or not declared, to the payment date (the "LIQUIDATION VALUE").

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock (i) shall not be entitled to receive the Liquidation Value of such shares until payment in full or provision has been made for the payment in full of all claims of creditors of the Corporation and the liquidation preferences for all Senior Securities, and (ii) shall be entitled to receive the Liquidation Value of such shares before any payment or distribution of any assets of the Corporation shall be made or set apart for holders of any Junior Securities. Subject to clause (i) above, if the assets of the Corporation are not sufficient to pay in full the Liquidation Value payable to the holders of shares of Series A Preferred Stock and the liquidation preference payable to the holders of any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other Parity Securities ratably in accordance with the Liquidation Value for the Series A Preferred Stock and the liquidation preference for the Parity Securities, respectively. Upon payment in full of the Liquidation Value to which the holders of shares of Series A Preferred Stock are entitled, the holders of shares of Series A Preferred Stock will not be entitled to any further participation in any distribution of assets of the Corporation.

(c) Neither a consolidation or merger of the Corporation with or into any other entity, nor a merger of any other entity with or into the Corporation, nor a sale or transfer of all or any part of the Corporation's assets for cash, securities or other property shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.

5. REDEMPTION.

(a) OPTIONAL REDEMPTION. The Series A Preferred Stock shall not be redeemable prior to March 31, 2001. During the period from March 31, 2001 until March 31, 2003, the Corporation may redeem at its option shares of Series A Preferred Stock in accordance with this Section 5 only if the last reported sales price of a share of Common Stock in its principal trading market for any 20 trading days within a period of 30 consecutive trading days ending on the trading day prior to the date of mailing the notice of redemption is at least \$70.6563 (subject to equitable adjustment in circumstances giving rise to adjustment of the Conversion Price under Section 7(c)). At any time on or after March 31, 2001, to the extent the Corporation shall have funds legally available to redeem shares of Series A Preferred Stock and if permitted by the immediately preceding sentence, the Corporation may redeem shares of Series A Preferred Stock, in whole or in part, at the option of the Corporation, at the applicable cash redemption price per share set forth below for any redemption during the 12-month period beginning on March 31 of the year indicated:

YEAR	REDEMPTION PRICE PER SHARE
2001	\$51.40
2002	\$51.20
2003	\$51.00
2004	\$50.80
2005	\$50.60
2006	\$50.40
2007	\$50.20
Thereafter	\$50.00

PLUS, in each case, an amount equal to the dividends accrued and unpaid thereon, whether or not declared, up to but not including the redemption date. From and after March 31, 2008, the Corporation may redeem shares of Series A Preferred Stock, at any time in whole or in part, at the option of the Corporation, at a cash redemption price per share of \$50.00 PLUS an amount equal to the dividends accrued and unpaid thereon, whether or not declared, up to but not including the redemption date.

(b) MANDATORY REDEMPTION. To the extent the Corporation shall have funds legally available for such payment, on March 31, 2018 (the "MANDATORY REDEMPTION DATE"), the Corporation shall redeem all outstanding shares of Series A Preferred Stock at a redemption price of \$50.00 per share in cash, together with accrued and unpaid dividends thereon, whether or not declared, up to but not including such redemption date, without interest. If the Corporation is unable or shall fail to discharge its obligation to redeem all outstanding shares of Series A Preferred Stock on the Mandatory Redemption Date (the "MANDATORY REDEMPTION OBLIGATION"): (i) dividends on the Series A Preferred Stock shall continue to accrue, without interest, in accordance with Section 3, and (ii) the Mandatory Redemption

Obligation shall be discharged as soon thereafter as the Corporation is able to discharge such Mandatory Redemption Obligation. If and for so long as any Mandatory Redemption Obligation with respect to the Series A Preferred Stock shall not be fully discharged on the Mandatory Redemption Date, the Corporation shall not (x) directly or indirectly, redeem, purchase, or otherwise acquire any Parity Securities or discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of any Parity Securities (except in connection with a redemption, sinking fund or other similar obligation to be satisfied pro rata with the Series A Preferred Stock) or (y) declare or pay or set apart for payment any dividends or other distributions upon any Junior Securities, or, directly or indirectly, discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of any Junior Securities.

6. PROCEDURES FOR REDEMPTION.

(a) If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to Section 5, the shares shall be redeemed on a PRO RATA basis (according to the number of shares of Series A Preferred Stock held by each holder, with any fractional shares rounded to the nearest whole share) or in such other manner as the Board of Directors may determine, as may be prescribed by resolution of the Board of Directors. Notwithstanding the provisions of Section 5 and this Section 6, unless full cumulative cash dividends (whether or not declared) on all outstanding shares of Series A Preferred Stock shall have been paid or contemporaneously are declared and paid or set apart for payment for all Dividend Periods terminating on or prior to the applicable redemption date, none of the shares of Series A Preferred Stock shall be redeemed, and no sum shall be set aside for such redemption, unless shares of Series A Preferred Stock are redeemed pro rata.

(b) In the event of a redemption of shares of Series A Preferred Stock pursuant to Section 5, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 15 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; PROVIDED that neither the failure to give such notice nor any defect therein shall affect the validity of the giving of notice for the redemption of any share of Series A Preferred Stock to be redeemed, except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date; (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the holder receives the notice.

(c) If a notice of redemption has been given pursuant to Section 6(b) and if, on or before the redemption date, the funds necessary for such redemption (including all

dividends on the shares of Series A Preferred Stock to be redeemed that will accrue to but not including the redemption date) shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the PRO RATA benefit of the holders of the shares so called for redemption, then on the redemption date, notwithstanding that any certificates for such shares have not been surrendered for cancellation, (i) dividends shall cease to accrue on the shares of Series A Preferred Stock to be redeemed, (ii) the holders of such shares shall cease to be stockholders with respect to those shares, shall have no interest in or claims against the Corporation by virtue thereof and shall have no voting or other rights with respect thereto, except the conversion rights provided in Section 7 (in accordance with Section 6(e)) and the right to receive the monies payable upon such redemption, without interest thereon, upon surrender (and endorsement, if required by the Corporation) of their certificates, and (iii) the shares evidenced thereby shall no longer be outstanding. Subject to applicable escheat laws, any monies so set aside by the Corporation and unclaimed at the end of two years from the redemption date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of the redemption price, without interest. Any interest accrued on funds so deposited shall belong to the Corporation and be paid thereto from time to time.

(d) Upon surrender in accordance with the Corporation's notice of redemption of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(e) If a notice of redemption has been given pursuant to Section 6(b) and any holder of shares of Series A Preferred Stock shall, prior to the close of business on the Business Day preceding the redemption date, give written notice to the Corporation pursuant to Section 7 of the conversion of any or all of the shares to be redeemed held by the holder (accompanied by a certificate or certificates for such shares, duly endorsed or assigned to the Corporation, and any necessary transfer tax payment, as required by Section 7), then such redemption shall not become effective as to such shares to be converted and such conversion shall become effective as provided in Section 7, whereupon any funds deposited by the Corporation for the redemption of such shares shall (subject to any right of the holder of such shares to receive the dividend payable thereon as provided in Section 7) immediately upon such conversion be returned to the Corporation or, if then held in trust by the Corporation, shall automatically and without further corporate action or notice be discharged from the trust.

7. CONVERSION.

(a) RIGHT TO CONVERT.

(i) Subject to the provisions of this Section 7, each holder of shares of Series A Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to convert any or all of such holder's shares of Series A Preferred Stock, in whole or in part, into fully paid and non-assessable shares of Common Stock at the conversion price of \$56.525 per share of Common Stock, subject to adjustment as described in Section 7(c) (as adjusted, the "CONVERSION PRICE"). The number of shares of Common Stock into which a share of the Series A Preferred Stock shall be convertible (calculated as to each conversion to the nearest 1/1,000,000th of a share) shall be determined by dividing \$50.00 by the Conversion Price in effect at the time of conversion.

(ii) If shares of Series A Preferred Stock are called for redemption in accordance with Section 5(a), the right to convert shares so called for redemption shall terminate at the close of business on the Business Day immediately preceding the date fixed for redemption unless the Corporation shall default in making payment of the amount payable upon such redemption, in which case the conversion rights for such shares shall continue.

(b) MECHANICS OF CONVERSION.

(i) To exercise the conversion right, the holder of shares of Series A Preferred Stock to be converted shall surrender the certificate or certificates representing such shares at the office of the Corporation (or any transfer agent of the Corporation previously designated by the Corporation to the holders of Series A Preferred Stock for this purpose) with a written notice of election to convert completed and signed, specifying the number of shares to be converted. Unless the shares issuable upon conversion are to be issued in the same name as the name in which such shares of Series A Preferred Stock are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax in accordance with Section 7(b)(vii). As promptly as practicable after the surrender by the holder of the certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, a certificate or certificates for the whole number of shares of Common Stock issuable upon the conversion of such shares and a check payable in an amount corresponding to any fractional interest in a share of Common Stock as provided in Section 7(b)(viii).

(ii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the first Business Day (the "CONVERSION DATE") on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid. At such time on the Conversion Date:

(w) the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time;

(x) such shares of Series A Preferred Stock shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for conversion shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this Section 7;

(y) in lieu of dividends on such Series A Preferred Stock pursuant to Section 3, such shares of Series A Preferred Stock shall participate equally and ratably with the holders of shares of Common Stock in all dividends paid on the Common Stock; and

(z) the right of the Corporation to redeem such shares of Series A Preferred Stock shall terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

All shares of Common Stock delivered upon conversion of the Series A Preferred Stock will, upon delivery, be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights.

(iii) Holders of shares of Series A Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such Dividend Payment Record Date and prior to such Dividend Payment Date. However, shares of Series A Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date (except shares converted after the issuance of a notice of redemption during such period, which shall be entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date; PROVIDED that notwithstanding such surrender of shares for conversion after such Dividend Payment Record Date, the holders thereof at the close of business on such Dividend Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date. A holder of shares of Series A Preferred Stock on a Dividend Payment Record Date who (or whose transferee) tenders any such shares for conversion into shares of Common Stock on such Dividend Payment Date will receive the dividend payable by the Corporation on such shares of Series A Preferred Stock on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of shares of Series A Preferred Stock for conversion.

(iv) Except as provided in clause (iii) above and in Section 7(c), the Corporation shall make no payment or adjustment for accrued and unpaid dividends on shares of Series A Preferred Stock, whether or not in arrears, on conversion of such shares or for dividends in cash on the shares of Common Stock issued upon such conversion.

(v) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, such number of its authorized but unissued shares of Common Stock as shall be required for the purpose of effecting conversions of the Series A Preferred Stock. Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(vi) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issuance or delivery of shares of Common Stock on conversion of the Series A Preferred Stock pursuant hereto; PROVIDED that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock in a name other than that of the holder of the Series A Preferred Stock to be converted, and no such issuance or delivery shall be made unless and until the person requesting such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(vii) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Daily Price (as defined below) per share of Common Stock on the Conversion Date. In the absence of a Daily Price, the Board of Directors shall in good faith determine the current market price on such basis as it considers appropriate, and such current market price shall be used to calculate the cash adjustment. As used herein, "DAILY PRICE" means (w) if the shares of such class of Common Stock are then listed and traded on the New York Stock Exchange, Inc. ("NYSE"), the closing price on such day as reported on the NYSE Composite Transactions Tape; (x) if the shares of such class of Common Stock are not then listed and traded on the NYSE, the closing price on such day as reported by the principal national securities exchange on which the shares are listed and traded; (y) if the shares of such class of Common Stock are not then listed and traded on any such securities exchange, the last reported sale price on such day on the National Market of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"); or (z) if the shares of such class of Common Stock are not then traded on the NASDAQ National Market, the average of the highest reported bid and lowest reported asked price on such day, as reported by NASDAQ.

(c) ADJUSTMENTS TO CONVERSION PRICE. The Conversion Price shall be adjusted from time to time as follows:

(i) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall (A) pay a dividend or make a distribution on any class of its capital stock in shares of its Common Stock, (B) subdivide its outstanding shares of Common Stock into a greater number of shares or (C) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price thereafter shall be determined by multiplying the Conversion Price at which the shares of Series A Preferred Stock were theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action, and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such action. Such adjustment shall be made whenever any event listed above shall occur and shall become effective retroactively immediately after the record date in the case of a dividend and immediately after the effective date in the case of a subdivision or combination.

(ii) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date for determining stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock at the record date therefor (as determined in accordance with the provisions of Section 7(c)(iv)), the "CURRENT MARKET PRICE"), or in case the Corporation shall issue to all holders of its Common Stock other securities convertible into or exchangeable for Common Stock for a consideration per share of Common Stock deliverable upon conversion or exchange thereof less than the Current Market Price, then the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price therefor shall be equal to the price determined by multiplying (A) the Conversion Price at which shares of Series A Preferred Stock were theretofore convertible by (B) a fraction of which the numerator shall be the sum of (1) the number of shares of Common Stock outstanding on the date of issuance of the convertible or exchangeable securities, rights or warrants and (2) the number of additional shares of Common Stock that the aggregate offering price for the number of shares of Common Stock so offered would purchase at the Current Market Price per share of Common Stock, and of which the denominator shall be the sum of (1) the number of shares of Common Stock outstanding on the date of issuance of such convertible or exchangeable securities, rights or warrants and (2) the number of additional shares of Common Stock offered for subscription or purchase, or issuable upon such conversion or exchange. Such adjustment shall be made whenever such convertible or exchangeable securities, rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to

receive such securities. However, upon the expiration of any right or warrant to purchase Common Stock, the issuance of which resulted in an adjustment in the Conversion Price pursuant to this Section 7(c)(ii), if any such right or warrant shall expire and shall not have been exercised, the Conversion Price shall be recomputed immediately upon such expiration and effective immediately upon such expiration shall be increased to the price it would have been (but reflecting any other adjustments to the Conversion Price made pursuant to the provisions of this Section 7(c) after the issuance of such rights or warrants) had the adjustment of the Conversion Price made upon the issuance of such rights or warrants been made on the basis of offering for subscription or purchase only that number of shares of Common Stock actually purchased upon the exercise of such rights or warrants. No further adjustment shall be made upon exercise of any right, warrant, convertible security or exchangeable security if any adjustment shall have been made upon issuance of such security.

(iii) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall distribute to all holders of its Common Stock (including any dividend paid in connection with a consolidation or merger in which the Corporation is the continuing corporation) any shares of capital stock of the Corporation or its subsidiaries (other than Common Stock) or evidences of its indebtedness, cash or other assets (excluding dividends payable solely in cash that may from time to time be fixed by the Board of Directors, or dividends or distributions in connection with the liquidation, dissolution or winding up of the Corporation) or rights or warrants to subscribe for or purchase any of its securities or those of its subsidiaries or securities convertible or exchangeable for Common Stock (excluding those securities referred to in Section 7(c)(ii)), then in each such case the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price thereafter shall be equal to the price determined by multiplying (A) the Conversion Price in effect on the record date mentioned below by (B) a fraction, the numerator of which shall be the Current Market Price per share of Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors, whose good faith determination shall be conclusive) as of such record date of the assets, evidences of indebtedness or securities so paid with respect to one share of Common Stock, and the denominator of which shall be the Current Market Price per share of Common Stock on such record date; PROVIDED, HOWEVER, that in the event the then fair market value (as so determined) so paid with respect to one share of Common Stock is equal to or greater than the Current Market Price per share of Common Stock on the record date mentioned above, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall have the right to receive the amount and kind of assets, evidences of indebtedness, or securities such holder would have received had such holder converted each such share of Series A Preferred Stock immediately prior to the record date for such dividend. Such adjustment shall be made whenever any such payment is made, and shall become

effective retroactively immediately after the record date for the determination of stockholders entitled to receive the payment.

(iv) For the purpose of any computation under Sections 7(c)(ii) or 7(c)(iii), the Current Market Price per share of Common Stock at any date shall be deemed to be the average Daily Price for the 30 consecutive trading days commencing 35 trading days before the day in question.

(v) No adjustment in the Conversion Price shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; PROVIDED, HOWEVER, that any adjustments that by reason of this Section 7(c)(v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 7(c) shall be made to the nearest cent.

(vi) In the event that, at any time as a result of an adjustment made pursuant to Section 7(c)(i) or 7(c)(iii), the holder of any shares of Series A Preferred Stock thereafter surrendered for conversion shall become entitled to receive any shares of the Corporation or its subsidiaries, other than shares of the Common Stock, thereafter the number of such other shares so receivable upon conversion of any share of Series A Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Sections 7(c)(i) through 7(c)(v), and the other provisions of this Section 7 with respect to the Common Stock shall apply on like terms to any such other shares.

(vii) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly file with the transfer agent for the Series A Preferred Stock a certificate of an officer of the Corporation setting forth the Conversion Price after the adjustment and setting forth a brief statement of the facts requiring such adjustment and a computation thereof. The certificate shall be PRIMA FACIE evidence of the correctness of the adjustment. The Corporation shall promptly cause a notice of the adjusted Conversion Price to be mailed to each registered holder of shares of Series A Preferred Stock.

(viii) In case of any reclassification of the Common Stock, any consolidation of the Corporation with, or merger of the Corporation into, any other entity, any merger of another entity into the Corporation (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Corporation), any sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange pursuant to which share exchange the Common Stock is converted into other securities, cash or other property, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of Series A Preferred Stock then outstanding shall have the right thereafter, during the period such share

shall be convertible, to convert such share only into the kind and amount of securities, cash and other property receivable upon the reclassification, consolidation, merger, sale, transfer or share exchange by a holder of the number of shares of Common Stock of the Corporation into which a share of Series A Preferred Stock would have been convertible immediately prior to the reclassification, consolidation, merger, sale, transfer or share exchange. The Corporation, the person formed by the consolidation or resulting from the merger or which acquires such assets or which acquires the Corporation's shares, as the case may be, shall make provisions in its certificate or articles of incorporation or other constituent documents to establish such rights and to ensure that the dividend, voting and other rights of the holders of Series A Preferred Stock established herein are unchanged, except as permitted by Section 9 and applicable law. The certificate or articles of incorporation or other constituent documents shall provide for adjustments, which, for events subsequent to the effective date of the certificate or articles of incorporation or other constituent documents, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The provisions of this Section 7(c)(viii) shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

(d) OPTIONAL REDUCTION IN CONVERSION PRICE. The Corporation may at its option reduce the Conversion Price from time to time by any amount for any period of time if the period is at least 20 days and if the reduction is irrevocable during the period. Whenever the Conversion Price is so reduced, the Corporation shall mail to holders of record of the Series A Preferred Stock a notice of the reduction at least 15 days before the date the reduced Conversion Price takes effect, stating the reduced Conversion Price and the period it will be in effect. A voluntary reduction of the Conversion Price does not change or adjust the Conversion Price otherwise in effect for purposes of Section 7(c).

8. STATUS OF SHARES. All shares of Series A Preferred Stock that are at any time redeemed pursuant to Section 5 or converted pursuant to Section 7 and all shares of Series A Preferred Stock that are otherwise reacquired by the Corporation shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized but unissued shares of Preferred Stock, without designation as to series, subject to reissuance by the Board of Directors as shares of any one or more other series.

9. VOTING RIGHTS.

(a) The holders of record of shares of Series A Preferred Stock shall not be entitled to any voting rights except as hereinafter provided in this Section 9 or as otherwise provided by law.

(b) The holders of the shares of Series A Preferred Stock (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock (voting together with the holders of Common Stock as one class), (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common

Stock issuable upon conversion of such shares of Series A Preferred Stock would have been entitled if such shares of Common Stock had been outstanding at the time of the applicable vote and related record date and (iii) shall be entitled to notice of any stockholders' meeting in accordance with the Certificate of Incorporation and Bylaws of the Corporation.

(c) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock have not been paid in full or if the Corporation shall have failed to discharge its Mandatory Redemption Obligation on or after the Redemption Date, the number of directors then constituting the Board of Directors shall be increased by two and the holders of shares of Series A Preferred Stock, together with the holders of shares of every other series of preferred stock upon which like rights to vote for the election of two additional directors have been conferred and are exercisable (resulting from either the failure to pay dividends or the failure to redeem) (any such other series is referred to as the "PREFERRED SHARES"), voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock and the Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series A Preferred Stock and the Preferred Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, or the Corporation shall have fulfilled its Mandatory Redemption Obligation, as the case may be, then the right of the holders of the Series A Preferred Stock and the Preferred Shares to elect such additional two directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends or failure to fulfill any Mandatory Redemption Obligation), and the terms of office of all persons elected as directors by the holders of the Series A Preferred Stock and the Preferred Shares shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series A Preferred Stock and the Preferred Shares, the secretary of the Corporation may, and upon the written request of any holder of Series A Preferred Stock (addressed to the secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series A Preferred Stock and of the Preferred Shares for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of shares of Series A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock records of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series A Preferred Stock and the Preferred Shares, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Series A Preferred Stock and the Preferred

Shares or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(d) So long as any shares of Series A Preferred Stock are outstanding:

(i) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose by holders of at least 66-2/3% of the outstanding shares of Series A Preferred Stock, voting as a single class, amend, alter or repeal any provision of the Corporation's Certificate of Incorporation (by merger or otherwise) so as to materially and adversely affect the preferences, rights or powers of the Series A Preferred Stock; PROVIDED that any such amendment, alteration or repeal to create, authorize or issue any Junior Securities or Parity Securities, or any security convertible into, or exchangeable or exercisable for, shares of Junior Securities or Parity Securities, shall not be deemed to have any such material adverse effect;

(ii) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of at least 66-2/3% of the votes entitled to be cast by the holders of shares of Series A Preferred Stock and of all other series of Preferred Stock upon which like rights to vote upon the matters specified herein have been conferred and are exercisable, voting as a single class regardless of series, create, authorize or issue any Senior Securities, or any security convertible into, or exchangeable or exercisable for, shares of Senior Securities; and

(iii) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of at least a majority of the votes entitled to be cast by the holders of shares of Series A Preferred Stock and of all other series of Preferred Stock upon which like rights to vote upon the matters specified herein have been conferred and are exercisable, voting as a single class regardless of series, create, authorize or issue any new class of Parity Securities; PROVIDED that this clause (iii) shall not limit the right of the Corporation to issue Parity Securities in connection with any merger in which the Corporation is the surviving entity;

PROVIDED that no such consent or vote of the holders of Series A Preferred Stock shall be required if at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such securities is to be made, as the case may be, all shares of Series A Preferred Stock at the time outstanding shall have been called for redemption by the Corporation and the funds necessary for such redemption shall have been set aside in accordance with Sections 5 and 6.

(e) The consent or votes required in Sections 9(c) and 9(d) shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's Certificate of Incorporation or Bylaws, which approval

shall be obtained by vote of the stockholders of the Corporation in the manner provided in Section 9(b).

10. NO OTHER RIGHTS.

(a) The shares of Series A Preferred Stock shall not have any relative, participating, optional or other special rights and powers except as set forth herein or as may be required by law.

FIFTH: The Corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of the corporate debts to any extent whatever except as otherwise provided by law.

SEVENTH: In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

A. To adopt, amend or repeal the by-laws of the Corporation;

B. To authorize and cause to be executed mortgages and liens, with or without limit as to amount, upon the real and personal property of the Corporation;

C. To authorize the guaranty by the Corporation of securities, evidences of indebtedness and obligations of other persons, corporations and business entities; and

D. By resolution adopted by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member.

All corporate powers of the Corporation shall be exercised by the Board of Directors except as otherwise provided herein or by law.

EIGHTH: Any property of the Corporation constituting less than all of its assets including goodwill and its corporate franchise, deemed by the Board of Directors to be not essential to the conduct of the business of the Corporation, may be sold, leased, exchanged or otherwise disposed of by authority of the Board of Directors. All of the property and assets of the Corporation including its goodwill and its corporate franchises, may be sold, leased or exchanged upon such terms and conditions and for such consideration (which may be in whole or in part shares of stock and/or other securities of any other corporation or corporations) as the Board of Directors shall deem expedient and for the best interests of the Corporation, when and as authorized by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock given at a stockholders' meeting duly called for that purpose upon at least 20 days notice containing notice of the proposed sale, lease or exchange.

NINTH: A director or officer of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any director or officer or any firm of which any director or officer is a member or any corporation of which any director or officer is a stockholder, officer or director, is in any way interested in such transaction or contract, provided that such transaction or contract is or shall be authorized, ratified or approved either (1) by a vote of a majority of a quorum of the Board of Directors or of a committee thereof, without counting in such majority any director so interested (although any director so interested may be included in such quorum), or (2) by a majority of a quorum of the stockholders entitled to vote at any meeting. No director or officer shall be liable to account to the Corporation for any profits realized from any such transaction or contract authorized, ratified or approved as aforesaid by reason of the fact that he, or any firm of which he is a member or any corporation of which he is a stockholder, officer or director, was interested in such transaction or contract. Nothing herein contained shall create liability in the events above described or prevent the authorization, ratification or approval of such contracts in any other manner permitted by law.

TENTH: Any contract, transaction or act of the Corporation or of the Board of Directors which shall be approved or ratified by a majority of a quorum of the stockholders entitled to vote at any meeting shall be as valid and binding as though approved or ratified by every stockholder of the Corporation; but any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not be deemed in any way to invalidate the same or to deprive the Corporation, its directors or officers of their right to proceed with such contract, transaction or act.

ELEVENTH: Each person who is or was or has agreed to become a director or officer of the Corporation, and each such person who is or was serving or who has agreed to serve at the request of the Board of Directors or an officer of the Corporation as an employee or agent of the Corporation or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (including the heirs, executors, administrators or estate of

such person), shall be indemnified by the Corporation, in accordance with the by-laws of the Corporation, to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted prior to such amendment) or any other applicable laws as presently or hereafter in effect. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person which provide for indemnification greater than or different from that provided in this ARTICLE ELEVENTH. Any amendment or repeal of this ARTICLE ELEVENTH shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

TWELFTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the General Corporation Law of the State of Delaware, or (4) for any transaction from which the director derived an improper personal benefit. Any amendment or repeal of this ARTICLE TWELFTH shall not adversely affect any right or protection of a director of the Corporation existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

THIRTEENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

FOURTEENTH: Meetings of stockholders and directors may be held within or without the State of Delaware, as the by-laws may provide. The books of account of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of

Directors or in the by-laws of the Corporation. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

FIFTEENTH: Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specific circumstances, whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if a written consent to such corporate action is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted; provided that prompt notice must be given to all stockholders of the taking of corporate action without a meeting and by less than unanimous written consent.

SIXTEENTH: Each director, other than those who may be elected by the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation, shall hold office until a successor is elected at the next succeeding annual meeting of stockholders and qualified or until such director's earlier resignation or removal. Regardless of the foregoing sentence, in the case of directors designated as Class I directors elected at the annual meeting of stockholders held in 1999, such directors shall hold office until a successor is elected at the annual meeting of stockholders held in 2002 and qualified or until such director's earlier resignation or removal, and in the case of directors designated as Class III directors prior to the annual meeting of stockholders held in 1999, such directors shall hold office until a successor is elected at the annual meeting of stockholders held in 2001 and qualified or until such director's earlier resignation or removal.

SEVENTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

CERTIFICATE OF RETIREMENT

OF

CERTAIN PREFERRED STOCK

OF

SEALED AIR CORPORATION

(Pursuant to Section 243 of the General Corporation Law of the State of Delaware)

SEALED AIR CORPORATION, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY THAT:

FIRST: At a meeting of the Board of Directors of the Corporation a resolution was duly adopted which resolved that all shares of Series A Convertible Preferred Stock of the Corporation that are issued but not outstanding as of the close of business on December 8, 2000 shall be and are retired as shares of such Series A Convertible Preferred Stock.

SECOND: Pursuant to such resolution, the Corporation has retired 7,732,137 shares of its Series A Convertible Preferred Stock.

THIRD: The Certificate of Incorporation of the Corporation prohibits the reissuance of the above shares of Preferred Stock as shares of that Series A Convertible Preferred Stock, and provides that such shares shall have the status of authorized but unissued shares of Preferred Stock, without designation as to series, subject to reissuance by the Board of Directors of the Corporation as shares of any one or more other series.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by William V. Hickey, its authorized President and Chief Executive Officer, and attested to by H. Katherine White, its Secretary, this 28th day of December, 2000.

SEALED AIR CORPORATION

[Seal]

By: /s/ WILLIAM V. HICKEY

William V. Hickey
President and
Chief Executive Officer

ATTEST:

/s/ H. KATHERINE WHITE

H. Katherine White
Secretary

Amended and Restated By-Laws of Sealed Air Corporation as currently in effect.

AMENDED AND RESTATED BY-LAWS
OF
SEALED AIR CORPORATION
AS AMENDED FEBRUARY 8, 2001

ARTICLE 1

OFFICES

SECTION 1.01. REGISTERED OFFICE. The registered office of the Corporation shall be in Wilmington, Delaware.

SECTION 1.02. OTHER OFFICES. The Corporation may also have offices at such other places within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

SECTION 2.01. PLACE. Meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors.

SECTION 2.02. ANNUAL MEETINGS. Annual meetings of stockholders shall, unless otherwise provided by the Board of Directors, be held on the third Friday in May each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at 10:00 A.M., at which the stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03. NOTICE OF ANNUAL MEETINGS. Written notice of the annual meeting, stating the place, date and hour thereof, shall be given to each stockholder entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting.

SECTION 2.04. LIST OF STOCKHOLDERS. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order with the address of and the

number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.05. SPECIAL MEETINGS. Special meetings of the stockholders may be called by the chief executive officer or the president or by resolution of the Board of Directors and, subject to the procedures set forth in this section, shall be called by the chief executive officer or the secretary at the request in writing of stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by the Board of Directors. The Board of Directors may postpone fixing the time and date of a special meeting to be held at the request of stockholders in order to allow the secretary to determine the validity of such request, PROVIDED, that if such request is determined to be valid, then the Board of Directors shall fix the date of such special meeting to be no later than 90 days after such determination. For the purposes of these By-laws, the term "Voting Stock" shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 2.06. NOTICE OF SPECIAL MEETINGS. Written notice of a special meeting of stockholders, stating the place, date, hour and purpose thereof, shall be given by the secretary to each stockholder entitled to vote thereat, not less than ten nor more than sixty days before the date fixed for the meeting.

SECTION 2.07. BUSINESS TRANSACTED. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 2.08. QUORUM. The holders of a majority of the voting power of the then outstanding Voting Stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, so long as the adjournment is not for more than thirty days and a new record date is not fixed for the adjourned meeting, until a quorum shall be present or represented. If a quorum shall be present or represented at such adjourned meeting, any business may be transacted which might have been transacted at the original meeting. When specified business is to be voted on by a class or series of stock voting as a class,

the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

SECTION 2.09. VOTE REQUIRED. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy shall decide any questions brought before such meeting, except as otherwise provided by statute or the Certificate of Incorporation.

SECTION 2.10. PROXIES, ETC. Except as otherwise provided by statute or the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. No proxy or power of attorney to vote shall be used to vote at a meeting of the stockholders unless it shall have been filed with the secretary of the meeting when required by the inspectors of election.

SECTION 2.11. INSPECTORS OF ELECTION. In advance of any meeting of the stockholders, the Board of Directors or the presiding officer of such meeting shall appoint two or more inspectors of election to act at such meeting or at any adjournments thereof and make a written report thereof. One or more persons may also be designated by the Board of Directors or such presiding officer as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of such meeting shall appoint one or more inspectors to act at such meeting. No director or nominee for the office of director at such meeting shall be appointed an inspector of election. Each inspector, before entering on the discharge of the inspector's duties, shall first take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such person's ability. The inspectors of election shall, in accordance with the requirements of the Delaware General Corporation Law, (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period and file with the secretary of the meeting a record of the disposition of any challenges made to any determination by the inspectors, and (v) make and file with the secretary of the meeting a certificate of their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

SECTION 2.12. NOTICE OF STOCKHOLDER NOMINATION AND STOCKHOLDER BUSINESS. At an annual meeting of the stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws.

Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice by the stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 119th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. Every such notice by a stockholder shall set forth (i) the name and address of such stockholder as they appear on the Corporation's books and the class and number of shares of the Corporation's Voting Stock that are owned beneficially and of record by such stockholder, (ii) a representation that the stockholder is a holder of the Corporation's Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, and such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the Board of Directors of the Corporation; and (iv) with respect to notice of an intent to bring up any other matter, a description of the matter, the reasons for conducting such business at the meeting and any material interest of the stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the presiding officer of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and whether such matter is an appropriate subject for stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the

Corporation's proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation.

SECTION 2.13. NOTICE BY ELECTRONIC TRANSMISSION. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any law, the Certificate of Incorporation or these By-laws shall be effective if given by a form of electronic transmission then consented to by the stockholder to whom the notice is given.

ARTICLE 3

DIRECTORS

SECTION 3.01. NUMBER Subject to the rights of the holders of any series or class of stock to elect directors under specified circumstances as provided by the Certificate of Incorporation, the number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors, but no decrease in the number of directors effected by any such resolution shall change the term of any director in office at the time that any such resolution is adopted. The directors shall be elected at the annual meeting of the stockholders, except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these By-laws, and each director shall hold office until a successor is elected and qualified or until such director's earlier resignation or removal. Directors need not be stockholders.

SECTION 3.02. VACANCIES. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each of the directors so chosen shall hold office until the next annual election and until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.03. AUTHORITY. The business of the Corporation shall be managed by or under the direction of its Board of Directors, which shall exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders or are not by these By-laws or by resolution of the Board of Directors or a committee thereof, in either case not inconsistent with the statutes, the Certificate of Incorporation or these By-laws, authorized or directed to be done by the officers of the Corporation.

SECTION 3.04. PLACE OF MEETING. The Board of Directors of the Corporation or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 3.05. ANNUAL MEETING. A regular meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of stockholders. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 3.06. REGULAR MEETINGS. Except as provided in Section 3.05, regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

SECTION 3.07. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the chief executive officer or the president and shall be called by the chief executive officer or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

SECTION 3.08. EMERGENCY MEETINGS. In the event of an emergency which in the judgment of the chief executive officer or the president requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.09. QUORUM; VOTE REQUIRED. At meetings of the Board of Directors, a majority of the directors at the time in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3.10. ORGANIZATION. The chief executive officer shall preside at meetings of the Board of Directors.

SECTION 3.11. COMMITTEES. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these By-laws, subject to any limitations set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless the Board of Directors designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

SECTION 3.12. MINUTES OF COMMITTEE MEETINGS. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board of Directors, shall report the same to the Board of Directors.

SECTION 3.13. ACTION BY WRITTEN CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 3.14. PARTICIPATION BY CONFERENCE TELEPHONE. The members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

SECTION 3.15. COMPENSATION OF DIRECTORS. The directors may be paid their expenses of attendance at each meeting of the Board of Directors or of any special or standing committee thereof. The Board of Directors may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board of Directors, and for attending meetings of the Board of Directors or of any special or standing committee thereof. No

such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4

NOTICES

SECTION 4.01. GIVING OF NOTICE. Notices to directors and stockholders mailed to them at their addresses appearing on the books of the Corporation shall be deemed to be given at the time when deposited in the United States mail.

SECTION 4.02. WAIVER OF NOTICE. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 5

OFFICERS

SECTION 5.01. SELECTION OF OFFICERS. The officers of the Corporation shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders and shall be a chief executive officer, who shall be a director, a president, one or more vice presidents and a secretary. The Board of Directors may appoint such other officers, assistant officers and agents as it may determine. Any number of offices may be held by the same person.

SECTION 5.02. POWERS AND DUTIES IN GENERAL. The officers, assistant officers and agents shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control and limitation by the Board of Directors, as is designated by these By-Laws and as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board of Directors.

SECTION 5.03. TERM OF OFFICE, ETC. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board

of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

SECTION 5.04. CHIEF EXECUTIVE OFFICER. The chief executive officer of the Corporation shall preside at all meetings of the stockholders, shall have the responsibility for the general and active management and control of the affairs and business of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

SECTION 5.05. PRESIDENT. The president, who may also be the chief executive officer of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of president or which are delegated to the president by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. In the absence or disability of the chief executive officer, the president shall perform the duties and exercise the powers of the chief executive officer. The president shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized.

SECTION 5.06. VICE PRESIDENTS. The vice presidents shall act under the direction of the chief executive officer and in the absence or disability of both the chief executive officer and the president shall perform the duties and exercise the powers of the chief executive officer. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more executive or senior vice presidents or may otherwise specify the order of seniority of the vice presidents, and in that event the duties and powers of the chief executive officer shall descend to the vice presidents in such specified order of seniority.

SECTION 5.07. SECRETARY. The secretary shall act under the direction of the chief executive officer. Subject to the direction of the chief executive officer, the secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings in a book to be kept for that purpose, and the secretary shall perform like duties for the standing committees of the Board of Directors when requested to do so. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, shall have charge of the original stock books, stock transfer books and stock ledgers of the Corporation, and shall perform such other duties as may be prescribed by the chief executive officer or the Board of Directors. The secretary shall have custody of the seal of the Corporation and

cause it to be affixed to any instrument requiring it, and when so affixed, it may be attested by the secretary's signature. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature.

SECTION 5.08. ASSISTANT SECRETARIES. The assistant secretaries in order of their seniority, unless otherwise determined by the chief executive officer or the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

ARTICLE 6

CERTIFICATES OF STOCK

SECTION 6.01. ISSUANCE. The stock of the Corporation shall be represented by certificates, PROVIDED that the Board of Directors may provide by resolution for any or all of the stock to be uncertificated shares. Notwithstanding any resolution by the board of directors providing for uncertificated shares, every holder of stock in the Corporation represented by certificates and, upon request, every holder of uncertificated shares in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman or vice chairman of the board, if any, or the president or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation.

SECTION 6.02. FACSIMILE SIGNATURES. If a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The seal of the Corporation or a facsimile thereof may, but need not, be affixed to certificates of stock.

SECTION 6.03. LOST CERTIFICATES, ETC. The Corporation may establish procedures for the issuance of a new certificate of stock in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed and may in connection therewith require, among other things, the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and the giving by such person to the Corporation of a bond in such sum as may be specified pursuant to such procedures as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 6.04. TRANSFER. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation, the By-laws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

SECTION 6.05. REGISTERED STOCKHOLDERS. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.06. RECORD DATE FOR CONSENTS. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix, in advance, a record date, which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days after the receipt of such request and no prior action by the Board of Directors is required by applicable law, then the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its headquarters office to the attention of the secretary. Delivery shall be by hand or certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action. The Board of Directors may postpone action by written consent in order to allow the secretary to conduct a reasonable and prompt investigation to ascertain the legal sufficiency of the consents. The secretary may designate an independent inspector of election to conduct such investigation.

SECTION 6.07. RECORD DATES. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty or less

than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; PROVIDED, HOWEVER, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 7

MISCELLANEOUS

SECTION 7.01. DECLARATION OF DIVIDENDS. Dividends upon the shares of the capital stock of the Corporation may be declared and paid by the Board of Directors from the funds legally available therefor. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation.

SECTION 7.02. RESERVES. The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for such purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve.

SECTION 7.03. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 7.04. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE 8

INDEMNIFICATION

SECTION 8.01. IN GENERAL. Any person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation or for its benefit as a director, officer, employee or agent of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in or pursuant to the General Corporation Law of the State of Delaware, as amended from time to time, from and against any and all expenses, liabilities and losses (including without limitation attorney's fees, judgments, fines and amounts paid or to be

paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers, employees, agents or representatives may have or hereafter acquire and, without limiting the generality of the foregoing, they shall be entitled to their respective rights of indemnification under any by-law, agreement, vote of stockholders or the Board of Directors, provision of law or otherwise, as well as their rights under this Article.

SECTION 8.02. INSURANCE. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity, or arising out of such status, whether or not the Corporation would have the power to indemnify such person against such liability.

SECTION 8.03. ADDITIONAL INDEMNIFICATION. The Board of Directors may from time to time adopt further by-laws with respect to indemnification and may amend these By-laws and such by-laws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE 9

AMENDMENTS

SECTION 9.01. BY THE STOCKHOLDERS. Except as otherwise provided by statute or the Certificate of Incorporation, these By-laws may be amended by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class at any annual or special meeting of the stockholders, PROVIDED that notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 9.02. BY THE BOARD OF DIRECTORS. The Board of Directors by a majority vote of the whole Board of Directors at any meeting may amend these By-laws, including by-laws adopted by the stockholders, but the stockholders may, except as otherwise provided by statute or the Certificate of Incorporation, from time to time specify particular provisions of the By-laws which shall not be amended by the Board of Directors.

Amendments to the By-Laws of Sealed Air Corporation, effective November 2, 2000

RESOLVED that Sections 2.05, 3.07, 3.08, 3.10 and 6.01 of the By-Laws of the Corporation shall be and are amended to read in their entirety as shown below:

SECTION 2.05. SPECIAL MEETINGS. Special meetings of the stockholders may be called by the chief executive officer or the president or by resolution of the Board of Directors and, subject to the procedures set forth in this section, shall be called by the chief executive officer or the secretary at the request in writing of stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by the Board of Directors. The Board of Directors may postpone fixing the time and date of a special meeting to be held at the request of stockholders in order to allow the secretary to determine the validity of such request, PROVIDED, that if such request is determined to be valid, then the Board of Directors shall fix the date of such special meeting to be no later than 90 days after such determination. For the purposes of these By-laws, the term "Voting Stock" shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 3.07. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the chief executive officer or the president and shall be called by the chief executive officer or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

SECTION 3.08. EMERGENCY MEETINGS. In the event of an emergency which in the judgment of the chief executive officer or the president requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting

shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.10. ORGANIZATION. The chief executive officer shall preside at meetings of the Board of Directors.

SECTION 6.01. ISSUANCE. The stock of the Corporation shall be represented by certificates, PROVIDED that the Board of Directors may provide by resolution for any or all of the stock to be uncertificated shares. Notwithstanding any resolution by the board of directors providing for uncertificated shares, every holder of stock in the Corporation represented by certificates and, upon request, every holder of uncertificated shares in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman or vice chairman of the board, if any, or the president or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation.

Amendment to the By-Laws of Sealed Air Corporation, effective
February 8, 2001.

RESOLVED that a new Section 2.13 shall be and is
added to the By-Laws of the Corporation that shall read as
follows:

SECTION 2.13. NOTICE BY ELECTRONIC
TRANSMISSION. Without limiting the manner by which
notice otherwise may be given effectively to
stockholders, any notice to stockholders given by the
Corporation under any law, the Certificate of
Incorporation or these By-laws shall be effective if
given by a form of electronic transmission then
consented to by the stockholder to whom the notice is
given.

SECTION 162(M) OFFICER

CONTINGENT STOCK PURCHASE AGREEMENT

AGREEMENT dated as of _____ between SEALED AIR CORPORATION, a Delaware corporation (the "Corporation"), and _____ (the "Employee").

The Employee is now an officer of the Corporation and has been selected by the Organization and Compensation Committee (the "Committee") of the Board of Directors of the Corporation as one who is in a position to make a significant contribution to the growth and success of the Corporation. Pursuant to the Contingent Stock Plan of Sealed Air Corporation (the "Plan"), the Corporation desires to provide an incentive to the Employee which will permit him to share directly in the growth of the Corporation and to further identify his interests with those of the stockholders of the Corporation.

NOW, THEREFORE, the Corporation and the Employee mutually agree as follows:

SECTION 1. PURCHASE AND SALE OF STOCK

Subject to the terms and conditions hereinafter set forth, the Corporation hereby sells to the Employee and the Employee purchases from the Corporation * * shares of the \$0.10 par value Common Stock of the Corporation ("Common Stock") for a purchase price of \$1.00 per share (subject to adjustment pursuant to Section 7 of the Plan) (the "Issue Price"), receipt of which the Corporation hereby acknowledges. The Corporation will deliver to the Employee a certificate representing such shares of Common Stock within a reasonable time after execution of this Agreement.

SECTION 2. REPRESENTATION

The Corporation represents that all shares of Common Stock issued pursuant to this Agreement will be duly authorized, validly issued, fully-paid and nonassessable.

SECTION 3. REPURCHASE OPTION AND PERIOD OF RESTRICTION

During the period beginning on the date of this Agreement and ending on the third anniversary of such date (the "Option Period"), the Common Stock issued pursuant to this Agreement shall be subject to an option (the "Repurchase Option") in favor of the Corporation to reacquire such Common Stock at a price per share equal to the Issue Price. The Corporation shall have the right to extend the period during which the Repurchase Option may become exercisable (the "Extended Option Period") for such number of the shares (the "Extended Option Shares") covered by this Agreement as shall be determined as described below. Such right, which may be exercised more than once, shall be exercised by notice (the "Extension Notice") to the Employee no later than the end of the Option Period for the first Extended Option Period, or the then-current Extended Option Period for any subsequent Extended Option Period, of the number of shares that the Corporation designates as Extended Option Shares that shall remain subject to the Repurchase Option through the next Extended Option Period. The number of shares so designated as Extended Option Shares shall be determined by the Corporation in its sole discretion based upon its estimate of the number of shares then remaining subject to the Repurchase Option for which the related compensation expense may exceed the Corporation's deduction limit under Section 162(m) of the Internal Revenue Code (based upon the assumption that the Employee is a "covered employee" as that term is defined in such Section) for the taxable year in which the Option Period or the then-current Extended Option Period, as the case may be, ends after estimating all other compensation expected to be paid to the Employee for such year.

The term "Extended Option Period" shall mean, with respect to the first Extended Option Period, the period ending on March 1 of the taxable year next following the taxable year in which the Option Period ends or such later date as the Corporation may designate in the first Extension Notice and, with respect to each subsequent Extended Option Period, shall mean the period ending on March 1 of the next succeeding taxable year or such later date as the Corporation may designate in the applicable Extension Notice. None of the shares of Common Stock issued pursuant to this Agreement nor any interest therein shall be sold, transferred or encumbered until the Repurchase Option as to such shares may no longer become exercisable. The Repurchase Option shall become exercisable during the Option Period or any Extended Option Period, as the case may be, upon the termination of employment of the Employee with the Corporation or any of its subsidiaries other than as a result of the Employee's death or permanent and total disability.

SECTION 4. EXERCISE OF THE REPURCHASE OPTION

The Repurchase Option shall be exercised in whole or in part by the Corporation, if at all, by its sending written notice of such exercise to the Employee at the address specified in or pursuant to Section 10 within 120 days after the Employee's termination of employment. Such notice, which may be delivered in person or sent by registered or certified mail, postage prepaid, or by any other delivery service that provides written confirmation of delivery, shall also set forth the address to which and the date on which the certificates representing the Common Stock in respect of which the Repurchase Option is being exercised, duly endorsed for transfer, should be sent, unless such certificates are being held by the Corporation. The date specified shall not be less than ten days nor more than thirty days from the date of such notice. The Employee or his successor in interest with respect to such shares shall have no further rights as a stockholder from and after the date so specified in such notice and agrees that the Common Stock represented by

such certificate shall be deemed canceled and returned to the treasury of the Corporation and that the Employee will have no further incidents of ownership, including the right to receive dividends or other distributions. If the certificates are duly delivered in accordance with the written notice, the Corporation shall promptly send to the Employee its check in the amount of the Issue Price for such shares. The Corporation shall affix to the certificates any required stock transfer stamps. If the certificates are not so delivered, the Corporation shall deposit the required amount of payment in an escrow account in the name of the Employee to be held therein until such certificates are delivered to the Corporation and the Corporation shall immediately advise its transfer agent of such action. In addition, if the certificates are not so delivered, the Employee shall repay to the Corporation any dividends or other distributions which may have become payable of record on or after the date on which the Employee was required to deliver the certificates to the Corporation and agrees to reimburse the Corporation all of its expenses (including attorneys' fees) incurred in connection with any steps the Corporation may take to cancel the certificates or to obtain the repayment of such dividends or other distributions, or both.

SECTION 5. LEGEND ON STOCK CERTIFICATES

Every certificate of Common Stock issued pursuant to this Agreement shall, so long as the restrictions described in Section 3 remain in effect as to any of the shares covered by such certificate, bear a legend in substantially the following form:

This certificate and the shares represented hereby are held subject to the terms of the Contingent Stock Plan of Sealed Air Corporation which Plan provides that the shares issued pursuant thereto are subject to an option in favor of Sealed Air Corporation to reacquire such shares at a price which may be significantly lower than their fair market value and that neither such shares nor any interest therein may be sold, transferred or encumbered until the expiration of such option. If such option is exercised, the holder of the shares represented by this certificate will have no further rights with respect to such shares and this certificate will be deemed void. A copy of the Contingent Stock Plan is available

for inspection at the executive offices of Sealed Air Corporation.

and shall have in effect a stop-transfer order with respect thereto. Upon expiration of the Repurchase Option as to any of the shares covered by a certificate of Common Stock issued pursuant to this Agreement, the Employee may surrender to the Corporation the certificate representing such shares in exchange for a new certificate or certificates free of such legend for the shares for which the Repurchase Option has expired, PROVIDED that the Corporation shall issue a certificate or certificates bearing such legend for any of the shares covered by the surrendered certificate for which the Repurchase Option has not yet expired.

SECTION 6. GOVERNMENT AND OTHER REGULATIONS AND RESTRICTIONS

The obligations of the Corporation to issue Common Stock upon execution of this Agreement shall be subject to all applicable laws, rules and regulations and to such approvals by governmental agencies as may be required. The Employee consents to the imprinting of the following legend on any certificate or certificates evidencing such shares and to the entry of a stop-transfer order with respect thereto in the records of the Corporation's transfer agent:

The shares represented by this certificate may be sold, transferred or otherwise disposed of only if registered under the Securities Act of 1933, as amended, or if in the opinion of counsel to Sealed Air Corporation, an exemption from registration is available.

SECTION 7. REGISTRATION OF SHARES

The Corporation shall be under no obligation to register any shares of Common Stock under the Securities Act of 1933.

SECTION 8. NO RIGHTS IN COMMON STOCK

The Employee shall not have any interest in or be entitled to any voting rights or dividends or other rights or privileges of stockholders of the Corporation with respect to any shares of Common Stock issued pursuant to this Agreement until the shares of Common Stock

are actually issued to the Employee and then only from the date the Employee becomes the record owner thereof.

SECTION 9. INJUNCTIVE RELIEF

In addition to any other rights or remedies available to the Corporation as a result of the breach of the Employee's obligations hereunder, the Corporation shall be entitled to enforcement of such obligations by an injunction or a decree of specific performance from a court with appropriate jurisdiction and, in the event that the Corporation is successful in any suit or proceeding brought or instituted by the Corporation to enforce any of the provisions of this Agreement or on account of any damages sustained by the Corporation by reason of the violation by the Employee of any of the terms and conditions of this Agreement to be performed by the Employee, the Employee agrees to pay to the Corporation all costs and expenses including attorneys' fees reasonably incurred by the Corporation.

SECTION 10. NOTICES

Any notice which either party hereto may be required or permitted to give to the other shall be in writing and, except as otherwise required herein, may be delivered personally or by mail to the Corporation at Park 80 East, Saddle Brook, New Jersey 07663, attention of the Secretary of the Corporation, or to the Employee at the address set forth below or at such other address as either party may designate by notice to the other.

SECTION 11. SUBSIDIARIES

The subsidiaries of the Corporation referred to in this Agreement are those corporations, joint ventures or other entities in which the Corporation owns, directly or indirectly, in the aggregate at least 50 percent of the voting power of the classes of stock of such entity entitled to

vote and those partnerships, joint ventures and other entities in which the Corporation owns, directly or indirectly, a 50% or more interest in the capital account or earnings.

SECTION 12. ADJUSTMENTS

In the event of changes in the Common Stock of the Corporation after the date of this Agreement by reason of any stock dividend, split-up, combination of shares, reclassification, recapitalization, merger, consolidation, reorganization, or liquidation: (a) the Repurchase Option and the restrictions described in Section 3 and the requirement of a legend on stock certificates as described in Sections 5 and 6 shall apply to any securities issued in connection with any such change in respect of Common Stock issued pursuant to this Agreement, and (b) appropriate adjustments shall be made by the Committee as to (i) the number of shares to be delivered and the price per share to be paid by the Corporation upon the exercise, in whole or in part, of the Repurchase Option, (ii) the number of shares to be delivered and the Issue Price where such change occurs after the date of this Agreement but before the date the stock covered by this Agreement is delivered, and (iii) the number and class of shares available under the Plan in the aggregate.

SECTION 13. SUCCESSORS

The provisions of this Agreement shall be binding upon and inure to the benefit of all successors of the Employee, including, without limitation, his estate and the executors, administrators or trustees thereof, his heirs and legatees and any receiver, trustee in bankruptcy or representative of his creditors.

SECTION 14. CORPORATION'S RIGHT TO TERMINATE EMPLOYMENT

Nothing contained in this Agreement shall confer upon the Employee a right to continue in the employ of the Corporation or any of its subsidiaries or interfere in any way with the right

of the Corporation or any of its subsidiaries to terminate the employment of the Employee at any time, with or without cause.

SECTION 15. PAYMENT OF WITHHOLDING TAX

If, in the opinion of counsel for the Corporation, any federal, state or local taxes or any other charges may now or later be required by law to be withheld by the Corporation or one of its subsidiaries from the wages or salary of the Employee by reason of this Agreement or otherwise with respect to the Common Stock governed hereby, the Employee agrees to pay to the Corporation or such subsidiary, as the case may be, on five days written demand from the Corporation or such subsidiary an amount equal to such withholding tax or charge.

SECTION 16. ACTION BY CORPORATION

Neither the existence of this Agreement nor the issuance of Common Stock pursuant hereto shall impair the right of the Corporation or its stockholders to make or effect any of the adjustments, recapitalizations or other changes in the Common Stock referred to in Section 12, any change in the Corporation's business, any issuance of debt obligations or stock by the Corporation or any grant of options with respect to stock of the Corporation.

SECTION 17. INTERPRETATION

The Employee agrees that all questions of interpretation and administration of this Agreement shall be determined by the Committee in its sole discretion and such determination shall be final, binding and conclusive upon him. If the Committee is not acting, its functions shall be performed by the Board of Directors of the Corporation, and each reference in this Agreement to the Committee shall, in that event, be deemed to refer to the Board of Directors.

SECTION 18. APPLICABLE LAW

This Agreement shall be governed and construed in accordance with the laws of the State of Delaware.

SECTION 19. TERMS AND CONDITIONS OF CONTINGENT STOCK PLAN OF SEALED AIR CORPORATION

The authority of the Corporation to enter into this Agreement and the issuance of shares of Common Stock pursuant hereto is derived exclusively from the Plan and from a resolution of the Committee granting the Employee the right to purchase shares of Common Stock pursuant to the Plan (the "Resolution"). In the event that any terms or conditions of this Agreement are in conflict with any terms or conditions of the Plan or of the Resolution, the terms and conditions of the Plan or Resolution shall control.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be duly executed under its corporate seal and the Employee has hereunto set his hand and seal, all as of the day and year first above written.

SEALED AIR CORPORATION

By _____

[Corporate Seal]

Attest:

Secretary

-----[L.S.]
Employee
Address of Employee:

AGREEMENT AND RELEASE

December 13, 2000

TO: Leonard R. Byrne
FROM: William V. Hickey

This memorandum sets forth our agreement related to your leaving employment with Sealed Air Corporation and its subsidiary, Cryovac Inc. (collectively "Sealed Air").

1. EMPLOYMENT

We confirm that your last date of active employment will be June 30, 2001. Your salary will continue until that date and your active Sealed Air employee benefit coverages will also continue until that date (provided you continue to pay any required premiums). Also, certain benefit coverages will continue during the period that you are receiving severance payments (see Section 3). If you have any questions regarding Sealed Air employee benefits, please refer to the appropriate Summary Plan Descriptions or call Don Watt at Sealed Air's Park 80 Office in Saddle Brook, New Jersey.

You have advised that you will resign as an officer of Sealed Air Corporation (and from all positions you hold as officer or director of any of Sealed Air Corporation's subsidiaries) as of December 31, 2000, and that you do not wish to be considered a candidate for appointment to any of these positions at any time thereafter, even though you will continue to serve as an employee until June 30, 2001.

2. UNUSED VACATION PAYMENT

You will receive a lump sum payment for any accrued 2001 vacation time remaining unused as of your last date of active employment in accordance with Sealed Air's vacation policy. Since you were hired prior to January 1, 1983, you will also be paid the additional vacation committed at the time of accrual conversion, if not already paid or used. This payment for unused vacation will be made in the month following your last day of active employment and will be subject to legally required and authorized deductions.

3. SEVERANCE BENEFITS

a.) You will receive one and one-half weeks pay for each year of service plus an additional 13 weeks for a total of 65 weeks of severance pay. You will receive severance pay at your current base pay level of \$23,750.00 per month (subject to legally required and authorized deductions) during the period commencing immediately after your last date of active employment and ending on September 27, 2002. Payments will be made on regularly scheduled payroll dates.

b.) During the period that you are receiving severance pay, you will continue to be eligible to participate in Sealed Air's Medical and Dental coverages, provided you continue to make any required contributions and the plans continue to be available to employees.

c.) The period that you receive severance payments hereunder will be considered service and active employment under the W. R. Grace & Co. Stock Incentive Plans, subject to the approval of such approach by the Organization and Compensation Committee (the "Compensation Committee") of the Board of Directors of Sealed Air Corporation. The period that you receive severance benefits hereunder will also be considered continued employment for the purpose of payment of your deferred compensation account under the Compensation Deferral Agreement entered into as of September 20, 2000 between you and Sealed Air Corporation.

The provisions of this Paragraph (c) will put you in the same position as an active employee who retires on the date your severance payments ends with regard to the specific plan provisions mentioned in this Paragraph (c).

You agree that you will be solely responsible for any federal, state or local income taxes or property taxes that accrue as a result of the above.

4. CONTINUATION OF MEDICAL AND DENTAL COVERAGE AFTER SEVERANCE PERIOD

At the time you are to receive your last severance payment, you will be notified of your right to elect coverage under the Sealed Air Medical and Dental Plans by paying the full cost of such coverage (which is sometimes called "COBRA Coverage") for a period of up to eighteen months after your severance payments cease. We understand that you have the right to start coverage under the W. R. Grace & Co. retiree medical plan whenever you elect such coverage to start. If W. R. Grace & Co. retiree medical plan should cease to be available to you (except if you cancel such coverage or stop paying for such coverage), then you may enroll in Sealed Air's Retiree Medical Plan as then in effect. Your cost for such retiree medical coverage in Sealed Air's Retiree Medical Plan will be the full cost of such benefits rather than the special transitional rate provision that applies to certain Cryovac employees whose combination of age and service on March 31, 1998 totaled 70 and more, except that if Sealed Air offers eligibility at the special transitional rate provision to those Cryovac employees who met such age and service criterion but are eligible to participate in the retiree medical plan provided by W. R. Grace & Co., then you will also be offered such special transitional rate provision.

5. OTHER BENEFIT PLANS

Your participation in all employee benefit plans and programs other than those specifically referred to in this Agreement after you are no longer actively employed shall be governed by the terms of each of those plans and programs. As noted above, if you have any questions regarding Sealed Air employee benefits, please refer to the appropriate Summary Plan Descriptions or call Don Watt at Sealed Air's Park 80 Office in Saddle Brook, New Jersey.

You will not be eligible for a 2001 contribution to the Profit Sharing Plan since you will not be actively employed (as provided in that Plan) on December 31, 2001.

Subject to the provisions of Section 3(c) above, your Deferred Compensation Accounts will be paid to you in accordance with your original elections.

6. BONUSES

Your 2000 bonus will be based on the attainment of the goals established by the Compensation Committee in February 2000 under Sealed Air's Performance-Based Compensation Program. Assuming those goals are attained, your 2000 bonus will also be based on your individual performance and the performance of Sealed Air and the Cryovac Division during the year 2000. Your 2001 bonus will be pro-rated based on the months of your active employment during 2001. Your 2001 bonus objectives will be based on the corporate and business unit performance for the entire bonus period, as well as your individual performance during the portion of the year during which you are actively employed. Your 2001 bonus payment will be made at the same time as such payments are made to active employees. You will not be eligible for a bonus for 2002.

7. CONTINGENT STOCK AWARD

On April 2, 1998, you were awarded the right to purchase 11,500 shares of Sealed Air Common Stock under the Contingent Stock Plan of Sealed Air Corporation. As provided in such Plan, such shares were issued subject to Sealed Air's right to re-acquire such shares if your employment ended prior to June 1, 2001. Since your last date of active employment will be June 30, 2001, Sealed Air's right to repurchase such shares of Common Stock will expire during your active employment under the terms of the original award.

In addition, on April 22, 1999, you were awarded the right to purchase 13,500 shares of Sealed Air Common Stock under the Contingent Stock Plan of Sealed Air Corporation. As provided for in such Plan, such shares were issued subject to Sealed Air's right to re-acquire such shares if your employment ended prior to April 22, 2002. The period ending on April 22, 2002 is referred to in this letter as the "Repurchase Period". Subject to the approval of the Compensation Committee, Sealed Air will forego its right to repurchase such shares of Common Stock upon termination of your employment on the terms and conditions set forth below.

The 13,500 shares referred to in the preceding paragraph (the "Retained Shares") will remain subject to Sealed Air's option to repurchase such shares at your purchase price of \$1.00 per share through the Repurchase Period. Such option will become exercisable only if you breach any of your obligations referred to in Sections 8 or 11 during the Repurchase Period. You agree that Sealed Air shall also be entitled to enforce any other rights or remedies available to it upon such breach. You agree that you will not sell, transfer or encumber the Retained Shares during the Repurchase Period. You also agree that Sealed Air may place a legend on the certificate representing the Retained Shares indicating (1) that during the Repurchase Period the retained shares cannot be sold, transferred or encumbered, and (2) that Sealed Air has the right to repurchase the Retained Shares in the event of your breach of such obligations during the Repurchase Period. Upon any of the changes in the Common Stock described in Section 15 of the Contingent Stock Plan, the restriction, option and legend described in this paragraph shall apply to any securities issued in connection with any such change in respect to the Retained Shares. Following expiration of the Repurchase Period, if you comply with such obligations, you may surrender to Sealed Air the certificate representing the Retained Shares in exchange for a new certificate free of the legend or for a statement from Sealed Air representing the Retained Shares in book entry form free of such legend.

8. OBLIGATIONS UNDER THE "1969 AGREEMENT" AND STATE LAW

Because of your significant management role in Cryovac's business for a number of years and your position since March 31, 1998 as one of Sealed Air Corporation's executive officers, you hold significant confidential proprietary information of Sealed Air such as information about the finances, business plans and programs, research and development

projects, products, manufacturing processes, raw materials, suppliers, customers, marketing and sales of Sealed Air Corporation and Cryovac, Inc., and their respective subsidiaries, and the predecessor companies of such companies. You acknowledge and agree that disclosure to or use by anyone other than Sealed Air of such information could cause substantial damage to Sealed Air. You also understand and agree that after you cease to be employed by Sealed Air, you remain subject to the obligations under the agreement that you signed on July 28, 1969, with W. R. Grace & Co., a Connecticut corporation (the "1969 Agreement"), except as amended under Section 11 below and except that Sealed Air Corporation shall be considered the Company under the 1969 Agreement. You also understand that this memo and the 1969 Agreement will not affect your obligations under the South Carolina Uniform Trade Secrets Law or any other applicable obligations that may limit your disclosure or use of Sealed Air's confidential information.

9. RESPONSIBILITIES DURING TRANSITION PERIOD

During a suitable transition period, which shall end no later than the completion of the severance period, you agree to make yourself available for reasonable amounts of time to support the smooth transition of the management of the Cryovac business. Also, through the completion of your current term as President of the FPA, you will continue to represent Sealed Air in various industry groups and activities, including FPA, AMI, National Chicken Council, FPM & SA, and Clemson University. During this period, Sealed Air will reimburse you for reasonable and customary travel and entertainment expenses incurred in such representation consistent with Sealed Air's employee travel and entertainment expense policy.

10. CONSULTING SERVICES

At the completion of the severance period on September 27, 2002, Sealed Air may be interested in continuing to utilize your knowledge and expertise in the business and industry for some period thereafter. At that time, Sealed Air may retain your services as a consultant for a period of up to one year at a rate and on terms to be mutually agreed upon. Neither you nor Sealed Air shall have any obligation to enter into such a consulting arrangement, however.

11. NON-COMPETITION AGREEMENT

As part of this agreement, and in consideration for the severance payments to be received, you agree that, except with Sealed Air Corporation's consent, you will not engage, assist, or have any active interest in any business (directly or indirectly, individually or in combination with another or others, or as principal, partner, agent, contractor, consultant, employee, officer or shareholder of a corporation or otherwise) which is engaged in manufacturing, producing and/or selling any product or products that competes with any product manufactured or sold by Sealed Air Corporation or any of its subsidiaries in the

fields of food packaging or industrial protective packaging through the end of the severance period, as well as during any additional period for which you may be retained as a consultant, and for two years thereafter. This provision shall not prohibit you from being a shareholder who owns less than five percent of a publicly-traded company. We agree that this non-competition agreement will replace the non-competition provision (Section 4(b)) of the 1969 Agreement. Sealed Air Corporation will give its consent in all cases where it has received assurances satisfactory to it that its interests will be properly safeguarded.

12. COMPANY CAR

You will be entitled to retain your company car during the period of your active employment. You may purchase your company car when you leave active employment under the terms available to employees who leave employment in good standing. If you do not choose to purchase your company car, you can agree to make arrangements to return the car to Sealed Air no later than July 14, 2001, at the Duncan, South Carolina location.

13. ENTIRE AGREEMENT AND GOVERNING LAW

This letter and the 1969 Agreement, as amended by this agreement, set forth the entire agreement between you and Sealed Air concerning the subject matter as discussed herein. This agreement and release shall be governed by the laws of the state of South Carolina, without reference to principles of conflicts of law, regardless of the jurisdiction in which any action or proceeding may be instituted.

14. GENERAL RELEASE

In consideration for your signing this agreement, you acknowledge and agree that Sealed Air will provide you with severance payments and benefits to which you would not otherwise be entitled. You hereby knowingly and voluntarily release and forever discharge the Sealed Air Group from all claims that you may have. The Sealed Air Group includes Sealed Air Corporation, Cryovac, Inc., Sealed Air Corporation (US), and any and all of their past, present and future affiliates and subsidiaries. The Sealed Air Group also includes all those entities' past, present and future employees, officers, directors, representatives, benefit plans, benefit plan fiduciaries and their respective successors and assigns, whether acting in their individual capacities or on behalf of the previously mentioned entities. You release the Sealed Air Group from any and all claims, demands, causes of action and liabilities of any kind. Included in this release are claims that are known or unknown, fixed or contingent, that you may have or claim to have, now or later, in any and all jurisdictions, whether domestic or international, including those related in any way to your employment or your separation from employment with the Sealed Air Group. This release includes, but is not limited to, any claims arising under any federal, state or local law prohibiting employment discrimination based on race,

color, national origin, sex, age, religion, disability or veteran status. The statutory claims being released include, but are not limited to, claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Federal Rehabilitation Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Employee Retirement Income Security Act and the South Carolina Human Affairs Law. You agree not to file a lawsuit or initiate any other action against the Sealed Air Group to assert any such claims. However, this release does not release your right to enforce the terms of this Agreement.

Sealed Air releases and forever discharges you from any and all claims, demands, causes of action and liabilities of any kind which it may have through the date of the execution of this Agreement, including but not limited to claims that are known or unknown, fixed or contingent, that Sealed Air may have or claim to have, in any and all jurisdictions whether domestic or international. However, Sealed Air does not release or discharge its rights to enforce this Agreement, the 1969 Agreement (as amended by this Agreement), the South Carolina Uniform Trade Secrets Law or any other applicable obligations that may limit your disclosure or use of Sealed Air's confidential information.

15. ACKNOWLEDGEMENT

By signing this agreement and release, you acknowledge that:

A. You have carefully read this agreement and release and the 1969 Agreement.

B. You have had at least 21 days to consider signing this agreement and release.

C. You have been advised to consult with a lawyer of your choice before signing this agreement and release, and you have had a reasonable period of time to do so.

D. You are making a voluntary, informed decision in signing this agreement and release free of duress and coercion, and you realize that you are forever surrendering important rights in signing this agreement and release.

E. You understand that this agreement and release will not become effective until the eighth day following the date on which you sign it. Until the close of business on the seventh day after you sign it you may revoke this agreement and release by delivering written notification of revocation to William V. Hickey, Sealed Air Corporation, Park 80 East, Saddle Brook, New Jersey 07663. Sealed Air must receive your written revocation by that date and time. You understand that if you revoke this agreement and release, you will not receive any of the severance pay or benefits described in Section 3.

SEALED AIR CORPORATION

By: /s/ William V. Hickey

President and Chief Executive Officer

I HAVE READ THIS AGREEMENT AND RELEASE, I UNDERSTAND IT, AND I AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS.

By: /s/ Leonard R. Byrne

Leonard R. Byrne

Date: 12/24/00

SELECTED FINANCIAL DATA (1)

(In thousands of dollars, except per share data)

	2000	1999	1998	1997	1996
CONSOLIDATED STATEMENT OF EARNINGS DATA:					
Net sales (2)	\$3,067,714	\$2,931,853	\$2,580,207	\$1,875,273	\$1,781,659
Gross profit	1,035,304	1,028,722	868,736	646,002	590,596
Operating profit	468,463	452,192	259,332	267,744	173,500
Earnings before income taxes	413,429	395,653	198,947	263,672	169,822
Net earnings	225,319	211,461	73,007	173,732	99,830
Series A convertible preferred stock dividends(3)	64,266	71,422	53,921		
Earnings per common share (4)					
Basic	\$ 2.47	\$ 1.69	\$ 0.04	\$ 2.54	\$ 0.56
Diluted	\$ 1.93	\$ 1.68	\$ 0.02	\$ 2.39	\$ 0.55

CONSOLIDATED BALANCE SHEET DATA:

Working capital	\$ 202,512	\$ 221,130	\$ 309,624	\$ 343,741	\$ 277,583
Total assets	4,048,098	3,855,233	4,039,930	1,646,831	1,702,888
Long-term debt, less current installments	944,453	665,116	996,526	--	--
Series A convertible preferred stock (3)	1,392,373	1,761,662	1,791,093	--	--
Total shareholders' equity (5)	753,129	551,030	437,045	1,352,628	1,381,790

OTHER DATA:

EBIT (6)	\$ 477,942	\$ 453,779	\$ 252,576	\$ 263,672	\$ 169,822
Depreciation and amortization	219,641	223,399	195,954	111,080	94,380
EBITDA (7)	697,583	677,178	448,530	374,752	264,202
Capital expenditures	114,197	75,080	82,408	101,997	294,503

(1) The Selected Financial Data include the operations of the Cryovac packaging business ("Cryovac") for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included for all periods subsequent to March 31, 1998. See Note 2 to the Consolidated Financial Statements.

(2) The Company adopted Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," during the fourth quarter of 2000. As a result, shipping costs have been reclassified from the Company's net sales to its cost of sales in all periods presented. Reported net sales amounts have increased as a result of this reclassification and cost of sales amounts are commensurately higher.

(3) The Series A convertible preferred stock pays a cash dividend at an annual rate of \$2.00 per share, payable quarterly in arrears, and is subject to mandatory redemption on March 31, 2018 at \$50 per share, plus any accrued and unpaid dividends to the extent that it then remains outstanding. Dividends of \$0.50 per share have been declared for each quarter following the issuance of the shares on March 31, 1998.

(4) Prior to March 31, 1998, Cryovac did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based. In calculating basic and diluted earnings per common share for periods prior to March 31, 1998, retroactive recognition has been given to the various actions undertaken in connection with the Cryovac Transaction. See Note 16 to the Consolidated Financial Statements.

(5) Shareholders' equity for 1996 and 1997 represents the net assets of Cryovac.

(6) EBIT is defined as earnings before interest expense and provisions for income taxes.

(7) EBITDA is defined as EBIT plus depreciation, goodwill amortization and amortization of other intangible assets. EBITDA is a frequently used measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other

expenditures. EBITDA does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements or as an indicator of the Company's performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

DISCUSSION AND ANALYSIS OF OPERATING RESULTS

The Company's net sales increased 5% in 2000 compared with 1999 and 14% in 1999 compared with 1998. On a pro forma basis, net sales increased 5% in 1999 compared with 1998 (see Note 4 to the Consolidated Financial Statements).

The increase in net sales in 2000 was due primarily to higher unit volume, the added net sales of several acquired businesses and higher average selling prices for certain of the Company's products. Excluding the negative effect of foreign currency translation, net sales would have increased 9% compared to 1999.

Most of the increase in net sales in 1999 on a consolidated and geographic basis as well as most of the increase in cost of sales, marketing, administrative and development expenses and the substantial increase in goodwill amortization were primarily due to the inclusion of the business of old Sealed Air (see "Cryovac Transaction" discussed below) in the entire 1999 period, but only in the last nine months of 1998, and adjustments arising from the Cryovac Transaction. On a pro forma basis, the increase in net sales in 1999 was due primarily to higher unit volume. Excluding the negative effect of foreign currency translation, net sales would have increased 7% in 1999 compared to 1998 on a pro forma basis.

Net sales from North American operations increased 6% in 2000 compared to 1999 and 16% in 1999 compared to 1998. The increase in 2000 was primarily due to increased unit volume, higher average selling prices for certain products and the added net sales of several acquired businesses. The increase in 1999 was due primarily to the Cryovac Transaction. On a pro forma basis, net sales increased 5% in 1999 compared with 1998, primarily due to increased unit volume. Substantially all of the North American net sales for each year represent net sales from the United States.

Net sales from foreign operations represented approximately 42% of net sales in 2000, 43% in 1999 and 44% in 1998. Net sales from foreign operations increased 2% in 2000 and 11% in 1999. The increase in 2000 was primarily due to increased unit volume, the added net sales of several small acquired businesses and, to a lesser extent, higher average selling prices for certain products partially offset by the negative impact of foreign currency translation, principally in Europe. Excluding the negative impact of foreign currency translation, net sales from foreign operations would have increased 12% in 2000. The increase in 1999 was due primarily to the Cryovac Transaction. On a pro forma basis, net sales from foreign operations represented 43% of net sales in 1998 and increased 4% in 1999. The pro forma increase in 1999 was primarily due to higher unit volume, and to a lesser extent, the added net sales of several acquired businesses, partially offset by the negative effect of foreign currency translation. Excluding the negative impact of foreign currency translation, net sales from foreign operations in 1999 would have increased 8% on a pro forma basis.

Net sales of the Company's food packaging segment, which consists primarily of the Company's Cryovac(R) food packaging products and Dri-Loc(R) absorbent pads, constituted 60% of net sales in 2000, 61% in 1999 and 66% in 1998. On a pro forma basis, net sales from the food packaging segment constituted 62% of net sales in 1998. The balance of the net sales was comprised of products in the Company's protective and specialty packaging segment, which consists primarily of the Company's Instapak(R) chemicals and equipment, Cryovac(R) performance shrink films, air cellular and polyethylene foam surface protection and cushioning materials and protective and durable mailers and bags.

Net sales of food packaging products increased 3% in 2000 and 5% in 1999. The increase in 2000 was due to higher unit volume, the added net sales of several acquired businesses and higher average selling prices for certain of this segment's products, partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales would have increased 7%. The increase in 1999 was due to higher unit volume and the Cryovac Transaction, partially offset by the negative effect of foreign currency translation. On a pro forma basis, net sales increased 3% in 1999 compared to 1998 due primarily to higher unit volume partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales on a pro forma basis would have increased 6% in 1999.

Among the major classes of products in the food packaging segment, net sales of flexible packaging materials and related equipment increased modestly in 2000 and 3% in 1999. The increase in 2000 was due primarily to higher unit volume and, to a lesser extent, higher average selling prices for certain flexible packaging materials, which was offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of flexible packaging materials and related equipment would have increased 5% in 2000. The increase in 1999 was due primarily to higher unit volume and the

Cryovac Transaction, partially offset by the negative effect of foreign currency translation. On a pro forma basis, net sales increased 2% in 1999 compared to 1998 due primarily to higher unit volume, partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of flexible packaging materials and related equipment on a pro forma basis would have increased 5% in 1999. Net sales of rigid packaging and absorbent products increased 27% in 2000 and 22% in 1999.

The increase in 2000 was due primarily to the added net sales of Dolphin Packaging plc and other small businesses following their acquisitions, higher unit volume and higher average selling prices for certain products, partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of rigid packaging and absorbent products would have increased 30% in 2000. The increase in 1999 was primarily due to higher unit volume and the Cryovac Transaction. On a pro forma basis, net sales increased 10% in 1999 compared to 1998 primarily due to higher unit volume. Foreign currency translation had a minimal effect on net sales of rigid packaging and absorbent products on a pro forma basis.

The Company currently expects that the recent outbreaks of bovine spongiform encephalopathy (BSE or "mad-cow" disease) and foot-and-mouth disease that have affected livestock in Europe and in certain other geographic regions could result in slower growth or a decline in the net sales of our food packaging products in those regions in 2001, but the Company believes that their effect on the Company's business should dissipate as these outbreaks end and the supply of meat in these regions resumes its normal pattern.

Net sales of protective and specialty packaging products increased 7% in 2000 and 31% in 1999. The increase in 2000 was due primarily to higher unit volume, the added net sales of several small acquired businesses and certain higher average selling prices for certain of the segment's products, partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales would have increased 10% in 2000. The increase in 1999 was due to the Cryovac Transaction, increased unit volume and, to a lesser extent, the added net sales of several small acquired businesses. On a pro forma basis, net sales increased 7% in 1999 compared to 1998 due primarily to higher unit volume and, to a lesser extent, the added net sales of several small acquired businesses partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales in this segment on a pro forma basis would have increased 8% in 1999.

Gross profit as a percentage of net sales was 33.7% in 2000, 35.1% in 1999 and 33.7% in 1998. The decrease in 2000 gross profit as a percentage of net sales was primarily due to higher raw material prices and energy-related costs. The increase in gross profit as a percentage of net sales in 1999 was due to the higher level of net sales and cost reductions arising out of improvements in the Company's operations, partially offset by certain higher raw material prices for certain of the Company's products.

Marketing, administrative and development expenses declined 2% in 2000 and increased 8% in 1999. The decline in 2000 was attributable to cost control measures and the impact of foreign currency translation. The 1999 increase was due primarily to the addition of the operating costs of old Sealed Air following the Cryovac Transaction and integration and information system costs. Marketing, administrative and development expenses as a percentage of net sales were 16.8% in 2000, 18.0% in 1999 and 18.8% in 1998.

Goodwill amortization increased in each year primarily due to several small acquisitions completed during 2000 and 1999. Amortization in the 1999 period also increased due to amortization related to the Cryovac Transaction for the entire 1999 period as compared to only the last nine months of 1998.

In 2000, the Company reversed \$1,247,000 of its reserve related to the 1998 restructuring program and recognized a restructuring credit, as costs were modestly less than originally anticipated. Net restructuring costs and asset impairments were \$110,792,000 in 1998. The Company's 1998 restructuring and other charges, net, reflect a \$23,610,000 special credit to operations relating to the curtailment of certain post-retirement benefits.

Operating profit increased 4% in 2000 and 74% in 1999. These changes reflect an increase in net sales and the changes in costs and expenses discussed above which in the 1998 period included the effects of the Cryovac Transaction. Before giving effect to corporate operating expenses, consisting primarily of goodwill amortization and restructuring and other charges, net, operating profit of the Company's food packaging segment constituted 54%, 55% and 60% of operating profit in 2000, 1999 and 1998, respectively. The balance of operating profit arose from the Company's protective and specialty packaging segment. Operating profit as a percentage of net sales was 15.3% in 2000, 15.4% in 1999 and 10.1% in 1998.

Interest expense increased in both 2000 and in 1999. The increase in 2000 was primarily due to additional borrowings made in connection with business acquisitions and stock repurchases made under the Company's stock repurchase program, and higher weighted average interest rates. The 1999 increase, despite a net paydown of debt following completion of the Cryovac Transaction, was due to the indebtedness under the Credit Agreements, discussed below, being outstanding for the full twelve months of 1999 versus only the last nine months of 1998.

The changes in other income (expense), net, in each year primarily represents foreign currency exchange losses and, in 2000, the inclusion of \$10,000,000 of fee income from a third party for the assignment of a pre-existing contract during the third quarter.

The Company's effective income tax rates were 45.5%, 46.6% and 46.7% in 2000, 1999 and 1998, respectively. These effective tax rates were higher than statutory rates due primarily to the non-deductibility of goodwill amortization. The Company expects that its effective tax rate will continue to remain higher than statutory rates for 2001 due primarily to the non-deductibility of goodwill amortization for tax purposes. The effective tax rate in 2000 was lower than the 1999 effective tax rate primarily due to a

decline in tax rates in certain countries. The 1998 effective rate noted above excludes the effects of the \$87,182,000 of net restructuring and other charges and a \$26,000,000 special income tax charge for the assumed repatriation to the U.S. of the portion of the accumulated earnings of the Company's foreign subsidiaries that were not considered to be permanently invested in their businesses. Including these items, the effective rate for 1998 was 63.3%.

Net earnings increased 7% to \$225,319,000 in 2000 compared to \$211,461,000 in 1999, primarily resulting from the Company's higher operating profit in 2000. Net earnings increased 190% to \$211,461,000 in 1999 compared to \$73,007,000 in 1998, primarily resulting from the Company's higher operating profit in 1999 and the absence in 1999 of the special income tax charge incurred in 1998 as discussed above. On a pro forma basis, net earnings were \$81,492,000 in 1998.

Basic earnings per common share were \$2.47 for 2000, \$1.69 for 1999 and \$0.04 for 1998. On a pro forma basis, basic earnings per common share were \$0.14 in 1998. Diluted earnings per common share were \$1.93 for 2000, \$1.68 for 1999 and \$0.02 for 1998. On a pro forma basis, diluted earnings per common share were \$0.12 in 1998. The basic earnings per common share calculation for 2000, 1999 and 1998 include a per share gain (excess of book value over repurchase price of preferred stock) of \$0.54, \$0.02 and \$0.02, respectively, attributable to repurchases of preferred stock in each of the periods. The excess of book value over the repurchase price of the Company's Series A Preferred Stock is not included in the calculation of diluted earnings per common share. The diluted earnings per common share in each period were calculated assuming the conversion of the shares of preferred stock repurchased during each of the respective periods in accordance with the Financial Accounting Standards Board's Emerging Issues Task Force Topic D-53 guidance. Earnings per common share were calculated in accordance with Staff Accounting Bulletin No. 98, "Computation of Earnings Per Share," for the 1998 period, since the Company did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based prior to March 31, 1998. Accordingly, net earnings were reduced for preferred stock dividends (as if such shares had been outstanding during that year) to arrive at earnings ascribed to common shareholders.

CRYOVAC TRANSACTION

On March 31, 1998, the Company completed a multi-step transaction (the "Cryovac Transaction"). As part of that transaction, the Cryovac packaging business ("Cryovac"), held by various direct and indirect subsidiaries of the Company, was separated from the remaining business, and the Company and one of its subsidiaries borrowed approximately \$1,260,000,000. The remaining business, which received the borrowed funds referred to in the preceding sentence, was then contributed to a company now known as W. R. Grace & Co. ("New Grace"), whose shares were distributed to the Company's stockholders. As a result, New Grace became a separate publicly owned company. The Company and its subsidiary retained the obligation to repay such borrowed funds. The Company recapitalized its outstanding shares of common stock into a new common stock and a new convertible preferred stock. A subsidiary of the Company then merged into the former Sealed Air Corporation ("old Sealed Air"), which changed its name to Sealed Air Corporation (US).

RESTRUCTURING PROGRAM

During the third quarter of 1998, the Company announced and began to implement a restructuring program and recorded a pre-tax charge of \$111,074,000 to recognize the restructuring costs and related asset impairments. The portion of the 1998 restructuring and asset impairment charge applicable to the Company's food packaging segment amounted to \$97,064,000, and the portion applicable to the protective and specialty packaging segment amounted to \$14,010,000.

As part of the restructuring, the Company eliminated approximately 750 positions, or 5% of its then current workforce. As of December 31, 2000, all restructuring actions including employee severances and asset dispositions had been substantially completed. During the fourth quarter 2000, the Company reversed \$1,247,000 of the restructuring reserve and recognized a restructuring credit as costs were modestly less than originally anticipated. There remains to be paid in future periods approximately \$324,000 of the original \$43,000,000 estimate of cash outlays. Such remaining outlays principally relate to employee separation costs which are expected to be paid during 2001.

The Company estimates that approximately \$45,000,000 in annual operating cost savings were realized beginning in the year 2000. The estimated \$45,000,000 savings included reductions in depreciation and amortization of approximately \$8,000,000 per annum, which began in the fourth quarter of 1998, and reductions in cash operating expenses of approximately \$37,000,000 per annum that relate primarily to payroll and related payroll tax and benefit expenses. The reductions in cash operating expenses began upon elimination of the employee positions. The Company estimates that approximately \$30,000,000 of these cash operating expense reductions were realized in 1999; these reductions were modest

in amount for 1998. Of the \$45,000,000 estimated savings, approximately 40% was realized from reductions in manufacturing costs and 60% was realized from reductions in other operating costs. Additional information is included in Note 9 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of liquidity are cash flows from operations and amounts available under the Company's existing lines of credit, including principally the Credit Agreements described below.

Net cash provided by operating activities amounted to \$329,413,000 in 2000, \$430,354,000 in 1999 and \$411,646,000 in 1998. The decrease in 2000 was primarily due to an increase in net earnings that was more than offset by changes in operating assets and liabilities in the ordinary course of business. The increase in 1999 was due to net earnings from the inclusion of the operations of old Sealed Air for the full twelve months of 1999 as well as increased net earnings. This increase was partially offset by changes in operating assets and liabilities in the ordinary course of business, which included the timing of cash payments related to the restructuring and related charges.

Net cash used in investing activities amounted to \$348,989,000 in 2000, \$97,285,000 in 1999 and \$38,316,000 in 1998. In each year, the net cash used in investing activities was used primarily for capital expenditures and acquisitions. The increase in net cash used in 2000 was primarily due to the higher level of capital expenditures and acquisitions in 2000. In 2000, the Company utilized cash of \$237,541,000 to complete various acquisitions. The increase in net cash used in 1999 was due primarily to the absence in 1999 of the cash acquired from old Sealed Air in the Cryovac Transaction, which in 1998 more than offset the cash used for other acquisitions and partially offset the cash used for capital expenditures. The 1999 period also includes \$25,811,000 of cash used to make various small acquisitions.

Capital expenditures were \$114,197,000 in 2000, \$75,080,000 in 1999 and \$82,408,000 in 1998. Capital expenditures for the Company's food packaging segment amounted to \$75,773,000, \$51,307,000 and \$48,497,000 in 2000, 1999 and 1998, respectively, and capital expenditures for the protective and specialty packaging segment amounted to \$38,424,000, \$23,773,000 and \$31,487,000 in 2000, 1999 and 1998, respectively. There were no corporate capital expenditures in 2000 or 1999 compared to \$2,424,000 in 1998. The changes in capital expenditures in each year were primarily due to the management of capital planning and project spending. The Company currently anticipates that capital expenditures in 2001 will be in the range of \$150,000,000.

Net cash provided by financing activities amounted to \$7,671,000 in 2000. Net cash used in financing activities amounted to \$367,183,000 in 1999 and \$325,093,000 in 1998. In the 2000 period, the Company incurred net borrowings of \$420,869,000 while in the 1999 period the Company made net debt repayments of \$256,262,000. The net borrowings made in the 2000 period were incurred primarily to finance a portion of the cost of acquisitions and repurchases of shares of the Company's outstanding convertible preferred stock and common stock. The net cash used in financing activities in 1999 and 1998 was used primarily to refinance or repay outstanding debt, principally under the Credit Agreements, to pay dividends on the Company's Series A Preferred Stock and to repurchase shares of the Company's preferred stock and common stock.

During 2000, the Company repurchased 7,384,637 shares of its preferred stock and 494,737 shares of its common stock at a cost of approximately \$323,948,000 and \$22,873,000, respectively. During 1999, the Company repurchased 582,400 shares of its preferred stock and 251,000 shares of its common stock at a cost of approximately \$27,552,000 and \$14,189,000, respectively, pursuant to a share repurchase program adopted by its Board of Directors. As of December 31, 2000, the total number of shares of preferred stock and common stock authorized to be repurchased under this program was the equivalent of approximately 16,977,000 shares of common stock on an as-converted basis, of which approximately 8,465,000 had been repurchased, leaving the equivalent of approximately 8,512,000 shares of common stock on an as-converted basis available for repurchase under the program. The 1999 period also reflects the issuance of the Senior Notes and the Euro Notes, described below, the net proceeds of which (approximately \$500,491,000) were used to refinance debt under the Credit Agreements. Cash flows from financing activities in 1998 also reflected the proceeds from borrowings under the Credit Agreements, offset by the transfer of funds in connection with the Cryovac Transaction.

At December 31, 2000, the Company had working capital of \$202,512,000, or 5% of total assets, compared to working capital of \$221,130,000, or 6% of total assets, at December 31, 1999. The decline in working capital in 2000 is due to an increase in short-term borrowings partially offset by an increase in accounts receivable and inventory and a decrease in accounts payable and accrued liabilities. The increase in short-term borrowings is primarily attributable to borrowings associated with business acquisitions completed in 2000 as well as stock purchases made in conjunction with the Company's stock repurchase program. All other changes in working capital accounts were in the ordinary course of business, which included the timing of cash payments. The decline in working capital in 1999 reflects an increase in short-term borrowings and lower levels of cash and cash equivalents and inventories. These changes were partially

offset by an increase in notes and accounts receivable as well as a reduction in other current liabilities relating primarily to payments made during 1999 related to restructuring.

The ratio of current assets to current liabilities (current ratio) was 1.3 at December 31, 2000 compared with 1.4 at December 31, 1999. The ratio of current assets less inventory to current liabilities (quick ratio) was 0.8 at December 31, 2000 and 1.0 at December 31, 1999. The decreases in these ratios in 2000 resulted

primarily from the decreases in working capital discussed above.

At both December 31, 2000 and December 31, 1999, the Company's outstanding debt consisted primarily of borrowings made under the Credit Agreements, the Senior Notes, and the Euro Notes and certain other loans incurred by the Company's subsidiaries.

During 1999, the Company issued euro 200,000,000 (approximately \$205,000,000, at the then current exchange rate) aggregate principal amount of 7-year 5.625% notes (the "Euro Notes") and \$300,000,000 aggregate principal amount of 10-year 6.95% senior notes (the "Senior Notes"). The net proceeds from these note issuances of approximately \$500,491,000 in the aggregate were used to refinance outstanding borrowings under the Credit Agreements. As of December 31, 2000, the Company had no outstanding interest rate swap agreements open against either of these issues of debt. At December 31, 1999, the Company had outstanding certain forward-starting interest rate swap agreements that had the effect of converting a portion of these fixed rate notes to floating rate debt at U.S. dollar-denominated rates which ranged from 6.2% to 6.5%, and euro-denominated rates which ranged from 3.8% to 4.4%.

The Company's two principal credit agreements (the "Credit Agreements") are a 5-year \$525,000,000 revolving credit facility that expires on March 30, 2003 (included in long-term debt) and a 364-day \$375,000,000 revolving credit facility that expires on March 26, 2001 (included in short-term borrowings). The Company intends to replace this expiring credit facility with a new 364-day revolving credit facility on substantially similar terms but in a lower facility amount than the existing 364-day facility. The Company believes that the lower facility amount together with its other resources will be satisfactory for its currently anticipated financing needs. As of December 31, 2000 and 1999, outstanding borrowings were \$456,263,000 and \$160,978,000, respectively, under the 5-year revolving credit facility and \$127,885,000 and \$38,342,000, respectively, under the 364-day revolving credit facility. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs, including acquisitions, repurchase of the Company's outstanding common and preferred stock and capital expenditures. Amounts repaid under the Credit Agreements may be reborrowed from time to time. As of December 31, 2000, facility fees were payable on the total amounts available under the Credit Agreements and amounted to .095% and .100% per annum under the 5-year revolving credit facility and the 364-day revolving credit facility, respectively.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 7.0% at December 31, 2000 and 6.0% at December 31, 1999. The Company had no interest rate and currency swaps outstanding at December 31, 2000 related to its obligations under the Credit Agreements but had certain interest rate and currency swap agreements outstanding at December 31, 1999. These agreements had the effect of fixing or adjusting the interest rates on a portion of such debt. The weighted average interest rate at December 31, 1999 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings. The Credit Agreements, Senior Notes and Euro Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The Company was in compliance with these requirements as of December 31, 2000.

At December 31, 2000, the Company had available committed and uncommitted lines of credit, including those available under the Credit Agreements, of approximately \$1,300,000,000 of which approximately \$500,000,000 were unused.

The Series A Preferred Stock votes with the common stock on an as-converted basis, pays a cash dividend, as declared by the Company's Board of Directors, at an annual rate of \$2.00 per share, payable quarterly in arrears, becomes redeemable at the option of the Company beginning March 31, 2001, subject to certain conditions, and will be subject to mandatory redemption on March 31, 2018 at \$50.00 per share, plus any accrued and unpaid dividends to the extent that it then remains outstanding. The Company's preferred stock is convertible into shares of its common stock at a rate of approximately 0.885 share of common stock for each share of preferred stock. Because it is subject to mandatory redemption, the Series A Preferred Stock is classified outside of the shareholders' equity section of the balance sheet.

The Company's shareholders' equity was \$753,129,000 at December 31, 2000 compared to \$551,030,000 at December 31, 1999. Shareholders' equity increased in 2000 and 1999 due to the Company's net earnings of \$225,319,000 and \$211,461,000 and the excess of book value over repurchase price recognized in connection with the preferred stock repurchases of \$45,283,000 and \$1,568,000, which were partially offset by preferred stock dividends of \$64,266,000 and \$71,422,000 and by additional foreign currency translation adjustments of \$16,258,000 and

\$46,678,000, respectively, in such years.

OTHER MATTERS

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates and foreign currency exchange rates, which may

adversely affect its results of operations and financial condition. The Company seeks to minimize these risks through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company does not purchase, hold or sell derivative financial instruments for trading purposes.

INTEREST RATES

The fair value of the Company's fixed rate debt varies with changes in interest rates. Generally, the fair value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise. At December 31, 2000, the carrying value of the Company's total debt was \$1,236,299,000, of which \$489,607,000 was fixed rate debt. At December 31, 1999, the carrying value of the Company's total debt was \$824,677,000 of which \$502,244,000 was fixed rate debt. The estimated fair value of the Company's total debt, which includes the cost of replacing the Company's fixed rate debt with borrowings at current market rates, was approximately \$1,159,250,000 at December 31, 2000 compared to \$787,589,000 at December 31, 1999. A hypothetical 10% decrease in interest rates would result in an increase in the fair value of the total debt balance at December 31, 2000 of approximately \$16,224,000.

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates. The Company also uses interest rate collars to reduce the Company's exposure to fluctuations in the rate of interest by limiting interest rates to a given range. At December 31, 2000, the Company had an interest rate collar agreement related to a foreign subsidiary's floating rate indebtedness. This interest rate collar agreement matures in June 2001, with a notional amount of approximately \$8,000,000 compared with interest rate swap and collar agreements with a combined aggregate notional amount of \$159,000,000 at December 31, 1999. The interest rate swap agreements outstanding at December 31, 1999 had the effect of converting a portion of the Company's fixed rate debt to floating rate debt. As of December 31, 2000, the Company did not have a material market risk exposure due to the interest rate collar agreement.

FOREIGN EXCHANGE CONTRACTS

The Company uses interest rate and currency swaps to limit foreign exchange exposure and limit or adjust interest rate exposure by swapping certain borrowings in U.S. dollars for borrowings denominated in foreign currencies. At December 31, 2000, the Company had no interest rate and currency swap agreements outstanding compared to an aggregate notional amount of approximately \$5,000,000 at December 31, 1999.

The Company uses foreign currency forwards to fix the amount payable on certain transactions denominated in foreign currencies. At December 31, 2000, the Company had foreign currency forward contracts with an aggregate notional amount of approximately \$13,800,000 outstanding while at December 31, 1999, the Company did not have any material foreign currency forward contracts outstanding. The estimated fair value of these contracts, which represents the estimated net payment that would be received by the Company in the event of termination of these contracts based on the then current foreign exchange rates, was approximately \$253,000 at December 31, 2000. A hypothetical 10% adverse change in foreign exchange rates at December 31, 2000 would cause the Company to pay approximately \$1,159,000 to terminate these contracts.

ENVIRONMENTAL MATTERS

The Company is subject to loss contingencies resulting from environmental laws and regulations, and it accrues 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. Environmental liabilities are reassessed whenever circumstances become better defined and/or remediation efforts and their costs can be better estimated. These liabilities are evaluated 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) and/or new sites are assessed and costs can be reasonably estimated, the Company adjusts the recorded accruals, as necessary. The Company believes that it has adequately reserved for all probable and estimable environmental exposures. In connection with the Cryovac Transaction, certain environmental liabilities of Cryovac were retained by or assumed by New Grace.

CONTINGENCIES RELATED TO THE CRYOVAC TRANSACTION

In connection with the Cryovac Transaction, New Grace and its subsidiaries retained all liabilities of Grace, whether accruing or occurring before or after the Cryovac Transaction, other than liabilities arising from or relating to

Cryovac's operations. The liabilities retained by New Grace include, among others, liabilities relating to asbestos-containing products previously manufactured or sold by Grace subsidiaries, including its primary U.S. operating subsidiary, which has operated for decades and has been a subsidiary of New Grace since the Cryovac Transaction. The Transaction Agreements provided

that, should any claimant seek to hold the Company, including any of its subsidiaries, responsible for liabilities of New Grace or its subsidiaries, including such asbestos-related liabilities, New Grace and its subsidiaries would indemnify and defend the Company.

Since the beginning of 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac Transaction, the Company is responsible for alleged asbestos liabilities of New Grace and its subsidiaries, certain of which are also named as co-defendants in these actions. These actions include several purported class action lawsuits and a number of personal injury lawsuits. Some plaintiffs seek damages for personal injury or wrongful death while others seek medical monitoring, environmental remediation or remedies related to an attic insulation product. While the allegations in these actions directed to the Company vary, these actions all appear to allege that the Cryovac Transaction was a fraudulent transfer or gave rise to successor liability. These cases are all in the pre-trial stage, and none has been resolved through judgment, settlement or otherwise.

The Company believes that it is well-positioned to defend itself successfully in any asbestos-related claims against it, including the actions described above. Neither old Sealed Air nor Cryovac has ever produced or sold any asbestos-containing products. To the extent that the Company is named in any asbestos-related actions, the Company intends to defend its interests vigorously. However, an adverse outcome could have a material adverse effect on the Company's results of operations or consolidated financial position. While it is not possible to predict the outcome of any litigation, based on the facts known to the Company, the Company does not believe that an adverse outcome is probable. Thus, in accordance with generally accepted accounting principles, the Company has not recorded any liability in its financial statements for these actions.

The Company's legal defense costs to date (including costs paid by New Grace under the Transaction Agreements) have not been material. In late January 2001, New Grace announced that it was reviewing the strategic and operating issues associated with continuing to defend asbestos litigation through the court system versus seeking a resolution of such litigation through reorganization under Chapter 11 of the U.S. Bankruptcy Code. If New Grace were to file under Chapter 11 of the Bankruptcy Code, that would not alter the Company's views expressed in the preceding paragraph. If New Grace files under Chapter 11 or fails to indemnify and defend the Company, the Company could incur additional asbestos-related costs that could become material to the Company's results of operations or consolidated financial position.

In addition to the non-Cryovac liabilities referred to above, New Grace also agreed to retain certain liabilities of Cryovac and to indemnify the Company against such liabilities. The Company may remain contingently liable with respect to certain of such liabilities if New Grace were to fail to indemnify the Company or file under Chapter 11. Based upon currently available information, the Company believes that future costs, if any, related to such liabilities will not have a material adverse effect on the Company's results of operations or consolidated financial position.

The Company is the guarantor of certain outstanding public debt that was assumed by New Grace pursuant to the Transaction Agreements. Approximately \$8,000,000 of such debt was outstanding at December 31, 2000. New Grace has indemnified the Company against any liability arising under such guarantee pursuant to the Transaction Agreements. However, if New Grace were to file under Chapter 11 of the Bankruptcy Code, the Company could become responsible for such debt, to the extent it was then outstanding, under such guarantee.

EURO CONVERSION

On January 1, 1999, eleven of the fifteen members of the European Union (the "participating countries") established fixed conversion rates between their existing currencies (the "legacy currencies") and introduced the euro, a single common non-cash currency. On January 1, 2001, the number of participating countries increased to twelve with the addition of Greece.

At the beginning of 2002, new euro-denominated bills and coins will be issued to replace the legacy currencies, and the legacy currencies will be withdrawn from circulation. By 2002, all companies operating in the participating countries are required to restate their statutory accounting data into euros as their base currency.

In 1998, the Company established plans to address the systems and business issues raised by the euro currency conversion. These issues include, among others, (a) the need to adapt computer, accounting and other business systems and equipment to accommodate euro-denominated transactions, (b) the need to modify banking and cash management systems in order to be able to handle payments between customers and suppliers in legacy currencies and euros between 1999 and 2002, (c) the requirement to change the base statutory and reporting currency of each subsidiary in the participating countries into euros during the

transition period, (d) the foreign currency exposure changes resulting from the alignment of the legacy currencies into the euro, and (e) the identification of material contracts and sales agreements whose contractual stated currency will need to be converted into euros.

The Company believes that it will be euro compliant by January 1, 2002. The Company has implemented plans to accommodate euro-denominated transactions and to handle euro payments with third party customers and suppliers in the participating countries. The Company plans to meet the requirement to convert statutory and reporting currencies to the euro in part by acquiring and installing new financial software systems and in part by modifying existing systems. If there are delays in such installation, the Company plans to

pursue alternate means to convert statutory and reporting currencies to the euro by 2002. The Company expects that its foreign currency exposures will be reduced as a result of the alignment of legacy currencies, and the Company believes that all material contracts and sales agreements requiring conversion will be converted to euros prior to January 1, 2002.

Although additional costs are expected to result from the implementation of the Company's plans, the Company also expects to achieve benefits in its treasury and procurement areas as a result of the elimination of the legacy currencies. Since the Company has operations in each of its business segments in the participating countries, each of its business segments will be affected by the conversion process. However, the Company expects that the total impact of all strategic and operational issues related to the euro conversion and the cost of implementing its plans for the euro conversion will not have a material adverse impact on its consolidated financial condition, results of operations or reportable segments.

RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

In September 2000, the Emerging Issues Task Force ("EITF") issued a consensus opinion, EITF No. 00-10, "Accounting for Shipping and Handling Fees and Costs," which became effective in the fourth quarter of 2000. Among other things, EITF 00-10 prohibits the netting of shipping costs in arriving at net trade sales. Prior to the issuance of EITF 00-10, the Company had followed the common practice of netting shipping costs against trade sales in arriving at net sales. The application of this consensus opinion has required certain reclassifications to the Company's Consolidated Financial Statements for all periods prior to 2000. Reported net sales amounts have increased as a result of reclassifying shipping costs to cost of sales, and cost of sales amounts are commensurately higher. Operating margins that are stated as a percentage of net sales have been reduced as a result of this reclassification; however, this reclassification had no effect on the Company's current or previously reported operating profit or net earnings amounts.

In June 2000, the Financial Accounting Standard's Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133."

In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." This Statement defers the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, which the Company adopted beginning January 1, 2001, establishes accounting and operating standards for hedging activities and derivative instruments, including certain derivative instruments embedded in other contracts. The adoption of SFAS Nos. 138 and 133 did not have a material effect on the Company's consolidated financial statements.

FORWARD-LOOKING STATEMENTS

Certain statements made by the Company in this report and in future oral and written statements by management of the Company may be forward-looking. These statements include comments as to the Company's beliefs and expectations as to future events and trends affecting the Company's business, its results of operations and its financial condition. These forward-looking statements are based upon management's current expectations concerning future events and discuss, among other things, anticipated future performance and future business plans. Forward-looking statements are identified by such words and phrases as "expects," "intends," "believes," "will continue," "plans to," "could be" and similar expressions. Forward-looking statements are necessarily subject to uncertainties, many of which are outside the control of the Company, that could cause actual results to differ materially from such statements.

While the Company is not aware that any of the factors listed below will adversely affect the future performance of the Company, the Company recognizes that it is subject to a number of uncertainties, such as business and market conditions in the geographic areas in which it conducts business, changes in the value of the euro and other foreign currencies against the U.S. dollar, the success of certain information systems projects, factors affecting the customers, industries and markets that use the Company's packaging materials and systems, the development and success of new products, the Company's success in entering new markets, and acquiring and integrating new businesses, timing of capital expenditures, competitive factors, raw material availability and pricing, changes in energy-related expenses, changes in the Company's relationships with customers and suppliers, litigation and claims (including environmental and asbestos matters) involving the Company, the effect of a potential bankruptcy filing by W. R. Grace & Co. on the Company, the effects of foot-and-mouth and mad-cow disease on the Company's customers, changes in domestic or foreign laws or regulations, or difficulties related to the euro conversion.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars, except for per share data)

	2000	1999	1998
Net sales	\$ 3,067,714	\$2,931,853	\$2,580,207
Cost of sales	2,032,410	1,903,131	1,711,471
Gross profit	1,035,304	1,028,722	868,736
Marketing, administrative and development expenses	516,312	527,126	486,160
Goodwill amortization	51,776	49,404	36,062
Restructuring and other (credit) charges, net	(1,247)	--	87,182
Operating profit	468,463	452,192	259,332
Interest expense	(64,513)	(58,126)	(53,629)
Other income(expense), net	9,479	1,587	(6,756)
Earnings before income taxes	413,429	395,653	198,947
Income taxes	188,110	184,192	125,940
NET EARNINGS	\$ 225,319	\$ 211,461	\$ 73,007
Add: Excess of book value over repurchase price of Series A preferred stock	45,283	1,568	1,798
Less: Series A preferred stock dividends	64,266	71,422	53,921
Less: Retroactive recognition of preferred stock dividends	--	--	18,011
Net earnings ascribed to common shareholders	\$ 206,336	\$ 141,607	2,873
Earnings per common share:			
Basic	\$ 2.47	\$ 1.69	\$ 0.04
Diluted	\$ 1.93	\$ 1.68	\$ 0.02

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2000 and 1999
(In thousands of dollars, except share data)

	2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,229	\$ 13,672
Notes and accounts receivable, net of allowances for doubtful accounts of \$21,171 in 2000 and \$21,396 in 1999	505,935	470,046
Inventories	309,116	245,934
Prepaid expenses and other current assets	8,136	9,976
Deferred income taxes	42,664	63,596
Total current assets	877,080	803,224
Property and equipment, net	1,032,141	1,023,409
Goodwill, less accumulated amortization of \$135,240 in 2000 and \$84,699 in 1999	1,959,909	1,859,958
Deferred income taxes	7,367	8,494
Other assets	171,601	160,148
Total Assets	\$ 4,048,098	\$ 3,855,233
LIABILITIES, PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 290,428	\$ 152,653
Current portion of long-term debt	1,418	6,908
Accounts payable	154,881	175,166
Other current liabilities	227,841	247,367
Total current liabilities	674,568	582,094
Long-term debt, less current portion	944,453	665,116
Deferred income taxes	210,581	214,906
Other liabilities	72,994	80,425
Total Liabilities	1,902,596	1,542,541
Commitments and contingencies (Note 17)		
Authorized 50,000,000 preferred shares. Series A convertible preferred stock, \$50.00 per share redemption value, authorized 28,289,714 shares in 2000 and 36,021,851 in 1999, outstanding 27,847,462 shares in 2000 and 35,233,245 shares in 1999, mandatory redemption in 2018	1,392,373	1,761,662
Shareholders' equity:		
Common stock, \$.10 par value per share. Authorized 400,000,000 shares; issued 84,352,492 shares in 2000 and 84,135,255 shares in 1999	8,435	8,413
Additional paid-in capital	689,084	632,230
Retained earnings	293,126	132,073
Accumulated translation adjustment	(187,779)	(171,521)
	802,866	601,195
Less: Deferred compensation	17,073	24,511
Less: Cost of treasury common stock, 706,265 shares in 2000 and 535,356 shares in 1999	31,143	23,652
Less: Minimum pension liability	1,521	2,002
Total Shareholders' Equity	753,129	551,030
Total Liabilities, Preferred Stock and Shareholders' Equity	\$ 4,048,098	\$ 3,855,233

See accompanying Notes to Consolidated Financial Statements

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars)

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Deferred Compensation

Balance at December 31, 1997				

Net earnings for quarter ended March 31, 1998				
Net activity with Grace				
Cryovac Transaction share issuances	\$8,327	\$576,198	\$_____	\$ (9,649)
Effect of contingent stock transactions, net	52	32,073	_____	(19,034)
Shares issued for non-cash compensation	1	436	_____	_____
Purchase of preferred stock	_____	1,798	_____	_____
Purchase of common stock	_____	_____	_____	_____
FAS 87 pension adjustment	_____	_____	_____	_____
Foreign currency translation	_____	_____	_____	_____
Net earnings-April 1 through December 31, 1998	_____	_____	45,955	_____
Dividends on preferred stock	_____	_____	(53,921)	_____

Balance at December 31, 1998	8,380	610,505	(7,966)	(28,683)

Effect of contingent stock transactions, net	25	12,718	_____	4,172
Shares issued for non-cash compensation	1	5,107	_____	_____
Exercise of stock options	6	2,023	_____	_____
Purchase of preferred stock	_____	1,568	_____	_____
Conversion of preferred stock	1	309	_____	_____
Purchase of common stock	_____	_____	_____	_____
FAS 87 pension adjustment	_____	_____	_____	_____
Foreign currency translation	_____	_____	_____	_____
Net earnings	_____	_____	211,461	_____
Dividends on preferred stock	_____	_____	(71,422)	_____

Balance at December 31, 1999	8,413	632,230	132,073	(24,511)

Effect of contingent stock transactions, net	19	8,607	_____	7,438
Shares issued for non-cash compensation	1	2,049	_____	_____
Exercise of stock options	2	858	_____	_____
Purchase of preferred stock	_____	45,283	_____	_____
Conversion of preferred stock	_____	57	_____	_____
Purchase of common stock	_____	_____	_____	_____
FAS 87 pension adjustment	_____	_____	_____	_____

Foreign currency translation	_____	_____	_____	_____
Net earnings	_____	_____	225,319	_____
Dividends on preferred stock	_____	_____	(64,266)	_____

Balance at December 31, 2000	\$8,435	\$689,084	\$293,126	\$(17,073)
------------------------------	---------	-----------	-----------	------------

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars)

	Treasury Common Stock	Other Comprehensive Income Accumulated Translation Adjustment	Minimum Pension Liability	Pre-Cryovac Transaction Net Assets	Total
Balance at December 31, 1997		\$(130,054)		\$1,482,682	1,352,628
Net earnings for quarter ended March 31, 1998				27,052	27,052
Net activity with Grace				23,939	23,939
Cryovac Transaction share issuances	\$ _____	_____	\$ _____	(1,533,673)	(958,797)
Effect of contingent stock transactions, net	(182)	_____	_____		12,909
Shares issued for non-cash compensation	_____	_____	_____		437
Purchase of preferred stock	_____	_____	_____		1,798
Purchase of common stock	(17,052)	_____	_____		(17,052)
FAS 87 pension adjustment	_____	_____	(3,114)		(3,114)
Foreign currency translation	_____	5,211	_____		5,211
Net earnings-April 1 through December 31, 1998	_____	_____	_____		45,955
Dividends on preferred stock	_____	_____	_____		(53,921)
Balance at December 31, 1998	(17,234)	(124,843)	(3,114)		437,045
Effect of contingent stock transactions, net	(16)	_____	_____		16,899
Shares issued for non-cash compensation	7,787	_____	_____		12,895
Exercise of stock options	_____	_____	_____		2,029
Purchase of preferred stock	_____	_____	_____		1,568
Conversion of preferred stock	_____	_____	_____		310
Purchase of common stock	(14,189)	_____	_____		(14,189)
FAS 87 pension adjustment	_____	_____	1,112		1,112
Foreign currency translation	_____	(46,678)	_____		(46,678)
Net earnings	_____	_____	_____		211,461
Dividends on preferred stock	_____	_____	_____		(71,422)
Balance at December 31, 1999	(23,652)	(171,521)	(2,002)		551,030

Effect of contingent stock transactions, net	(23)	_____	_____	16,041
Shares issued for non-cash compensation	15,405	_____	_____	17,455
Exercise of stock options	_____	_____	_____	860
Purchase of preferred stock	_____	_____	_____	45,283
Conversion of preferred stock	_____	_____	_____	57
Purchase of common stock	(22,873)	_____	_____	(22,873)
FAS 87 pension adjustment	_____	_____	481	481
Foreign currency translation	_____	(16,258)	_____	(16,258)
Net earnings	_____	_____	_____	225,319
Dividends on preferred stock	_____	_____	_____	(64,266)

Balance at December 31, 2000	\$(31,143)	\$(187,779)	\$(1,521)	\$753,129

See accompanying Notes to Consolidated Financial Statements

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars)

	2000	1999	1998
<hr/>			
Cash flows from operating activities:			
Net earnings	\$ 225,319	\$ 211,461	\$ 73,007
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization of property and equipment	140,795	146,549	141,457
Goodwill and other amortization	78,846	76,850	54,497
Amortization of bond discount	318	169	--
Non-cash portion of restructuring and other charges, net	(1,247)	--	44,175
Deferred tax provisions	20,361	19,358	24,022
Net loss on disposals of property and equipment	594	149	1,980
Changes in operating assets and liabilities, net of businesses acquired and the Cryovac Transaction:			
Notes and accounts receivable	(30,882)	(31,141)	(31,123)
Inventories	(54,710)	21,229	33,110
Other current assets	3,432	670	(926)
Other assets	(12,645)	2,041	(15,251)
Accounts payable	(23,483)	1,750	7,685
Income taxes payable	966	(16,491)	28,302
Other current liabilities	(12,692)	(1,477)	45,526
Other liabilities	(5,559)	(763)	5,185
<hr/>			
Net cash provided by operating activities	329,413	430,354	411,646
<hr/>			
Cash flows from investing activities:			
Capital expenditures for property and equipment	(114,197)	(75,080)	(82,408)
Proceeds from sales of property and equipment	2,749	3,606	1,141
Businesses acquired in purchase transactions, net of cash acquired	(237,541)	(25,811)	42,951
<hr/>			
Net cash used in investing activities	(348,989)	(97,285)	(38,316)
<hr/>			
Cash flows from financing activities:			
Net advances to Grace	--	--	(20,369)
Proceeds from long-term debt	661,048	572,831	1,259,221
Payment of long-term debt	(369,661)	(903,941)	(265,606)
Payment of senior debt issuance costs	--	(3,412)	--
Transfer of funds in the Cryovac Transaction	--	--	(1,258,807)
Net proceeds on short-term borrowings	129,482	74,848	21,732
Purchases of treasury common stock	(22,873)	(14,189)	(17,052)
Purchases of preferred stock	(323,948)	(27,552)	(8,202)
Dividends paid on preferred stock	(67,880)	(71,616)	(36,010)
Proceeds from stock option exercises and other	1,503	5,848	--
<hr/>			
Net cash provided by (used in) financing activities	7,671	(367,183)	(325,093)
<hr/>			
Effect of exchange rate changes on cash and cash equivalents	9,462	2,800	(3,251)
<hr/>			
Cash and cash equivalents:			
Net change during the period	(2,443)	(31,314)	44,986
Balance, beginning of period	13,672	44,986	--
<hr/>			
Balance, end of period	\$ 11,229	\$13,672	\$44,986
<hr/>			

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2000, 1999 and 1998
(In thousands of dollars)

	2000	1999	1998
Net earnings	\$225,319	\$211,461	\$ 73,007
Other comprehensive income:			
Minimum pension liability, net of an income tax charge (benefit) of \$326, \$1,020 and \$(2,360), in 2000, 1999 and 1998, respectively	481	1,112	(3,114)
Foreign currency translation adjustments	(16,258)	(46,678)	5,211
Comprehensive income	\$209,542	\$165,895	\$ 75,104

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of dollars, except share and per share data)

NOTE 1 GENERAL

Sealed Air Corporation (the "Company"), operating through its subsidiaries, is engaged in the manufacture and sale of a wide range of food, protective and specialty packaging products.

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. This corporate structure was established in connection with the Cryovac Transaction. See Note 4 for a description of the Cryovac Transaction and certain related terms used in these notes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. For periods prior to March 31, 1998 (see Note 4), the financial statements include only the operating results, cash flows, assets and liabilities of Cryovac. See Note 4 for a description of certain related allocations prior to the Cryovac Transaction. In the Cryovac Transaction, the merger of a subsidiary of the Company with old Sealed Air was accounted for as a purchase of old Sealed Air by the Company on March 31, 1998. Accordingly, the operating results, cash flows, assets and liabilities of both Cryovac and old Sealed Air are included in the consolidated financial statements from March 31, 1998 onward. See Note 4 for unaudited selected pro forma statement of earnings information for the year ended December 31, 1998.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities (including contingent assets and liabilities) at the dates of the financial statements and the reported revenues and expenses during the periods presented. Actual amounts could differ from those estimates.

REVENUE RECOGNITION

Revenue is recognized upon shipment of goods to customers.

CASH AND CASH EQUIVALENTS

Investments with original maturities of three months or less are considered to be cash equivalents. The Company's policy is to invest cash in excess of short-term operating and debt service requirements in such cash equivalents. These instruments are stated at cost, which approximates market because of the short maturity of the instruments.

FINANCIAL INSTRUMENTS

The Company has limited involvement with derivative financial instruments that have off-balance sheet risk. These financial instruments generally include cross currency swaps, interest rate swaps, caps and collars and foreign exchange forwards and options relating to the Company's borrowing and trade activities. Such financial instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading or speculative purposes. The Company is exposed to credit risk in the event of the inability of the counterparties to perform their obligations. However, the

Company seeks to minimize such risk by entering into transactions with counterparties that are major financial institutions with high credit ratings.

The Company records realized and unrealized gains and losses from foreign exchange hedging instruments (including cross currency swaps, forwards and options) differently depending on whether the instrument qualifies for hedge accounting. Gains and losses on those foreign exchange instruments that qualify as hedges are deferred as part of the cost basis of the asset or liability being hedged and are recognized in the statement of earnings in the same period as the underlying transaction. Realized and unrealized gains and losses on instruments that do not qualify for hedge accounting are recognized currently in the statement of earnings.

The Company records the net payments or receipts from interest rate swaps, caps, collars and the interest rate component of cross currency swaps as adjustments to interest expense on a current basis. If an interest rate hedging instrument were terminated prior to the maturity date, any gain or loss would be amortized into earnings over the shorter of the original term of the derivative instrument and the underlying transaction.

INVENTORIES

Inventories are stated at the lower of cost or market. The cost of most U.S. inventories is determined on a last-in, first-out ("LIFO") basis, while the cost of other inventories is determined on a first-in, first-out ("FIFO") basis.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, except for property and equipment that have been impaired, for which the carrying amount is reduced to estimated fair value. Significant improvements are capitalized; repairs and maintenance costs that do not extend the lives of the assets are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed are removed from the accounts, and any resulting gain or loss is included when the assets are disposed.

The cost of property and equipment is depreciated over their estimated useful lives on a straight-line basis as follows: buildings - 20 to 40 years; machinery and other property and equipment - 3 to 20 years.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is amortized on a straight-line basis principally over a 40-year period. Other intangible assets are included in other assets at cost and consist primarily of patents, licenses, trademarks and non-compete agreements. They are amortized over the shorter of their legal lives or their estimated useful lives on a straight-line basis, generally ranging from 3 to 20 years. Identifiable intangibles individually and in the aggregate comprise less than 5% of the Company's consolidated assets.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically reviews the carrying value of its long-lived assets including property and equipment, goodwill and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Impairments are recognized when the expected future undiscounted cash flows derived from such assets are less than their carrying value. For such cases, losses are recognized for the difference between the fair value and the carrying amount. The Company considers various valuation factors, principally discounted cash flows, to assess the fair values of long-lived assets. Assets to be disposed of by sale or abandonment, and where management has the current ability to remove such assets from operations, are recorded at the lower of carrying amount or fair value less cost of disposition. Depreciation for these assets is suspended during the disposal period, which is generally less than one year.

STOCK-BASED COMPENSATION

The Company has adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by SFAS No. 123, the Company continues to follow the measurement provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

In non-U.S. locations that are not considered highly inflationary, the balance sheets are translated at the end of period exchange rates, and statements of earnings are translated at the average exchange rates during the applicable period with translation adjustments accumulated in shareholders' equity. Assets and liabilities of the Company's operations in countries with highly inflationary economies are translated at the end of period exchange rates, except that certain financial statement amounts are translated at historical

exchange rates. Items included in statements of earnings of the Company's operations in countries with highly inflationary economies are translated at average rates of exchange prevailing during the period, except that certain financial statement amounts are translated at historical exchange rates.

INCOME TAXES

The Company and its domestic subsidiaries file a consolidated U.S. federal income tax return. The Company's non-U.S. subsidiaries file income tax returns in their respective local jurisdictions. During 1998, the Company began providing for income taxes on that portion of its foreign subsidiaries' accumulated earnings that management believes are not reinvested indefinitely in their businesses.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax asset will not be realized. Deferred tax liabilities or assets at the end of each period are determined using the tax rates then in effect.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred and amounted to \$54,264, \$56,452 and \$57,524 in 2000, 1999 and 1998, respectively.

EARNINGS PER COMMON SHARE

Earnings per common share information has been calculated in accordance with SFAS No. 128, "Earnings Per Share," and for periods prior to March 31, 1998 in accordance with SAB No. 98, "Computation of Earnings Per Share," since the Company did not have a separately identifiable capital structure upon which a calculation of earnings per common share could be based prior to the Cryovac Transaction.

ENVIRONMENTAL EXPENDITURES

Environmental expenditures that relate to ongoing business activities are expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future net sales, are expensed. Liabilities are recorded when the Company determines that environmental assessments or remediations are probable and that the cost or a range of costs to the Company associated therewith can be reasonably estimated.

RECLASSIFICATIONS

In September 2000, the Emerging Issues Task Force ("EITF") issued a consensus opinion, EITF No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which became effective in the fourth quarter of 2000. Among other things, EITF 00-10 prohibits the netting of shipping costs in arriving at net trade sales. As a result of applying this consensus opinion, reported net sales amounts have increased as a result of reclassifying shipping costs to cost of sales while cost of sales amounts are commensurately higher. This reclassification had no effect on the Company's current or previously reported operating profit or net earnings amounts.

Certain other prior period amounts have been reclassified to conform to the current year's presentation.

NOTE 3 BUSINESS SEGMENT INFORMATION

The Company operates in two reportable business segments: (i) Food Packaging and (ii) Protective and Specialty Packaging. The Food Packaging segment comprises primarily the Company's Cryovac(R) food packaging products. The Protective and Specialty Packaging segment includes the aggregation of the Company's protective packaging products, engineered products and specialty products, all of which are principally for non-food packaging applications.

The Food Packaging segment includes flexible materials and related systems (shrink film and bag products, laminated films, and packaging systems marketed primarily under the Cryovac(R) trademark for packaging a broad range of perishable foods). This segment also includes rigid packaging and absorbent pads (foam and solid plastic trays and containers for the packaging of a wide variety of food products and absorbent pads used for the packaging of meat, fish and poultry). Net sales of flexible materials and related systems were: 2000 - \$1,599,230; 1999 - \$1,594,073; and 1998 - \$1,545,895. Net sales of rigid packaging and absorbent pads were: 2000 - \$238,064; 1999 - \$187,347; and 1998 - \$154,131. Products in this segment are primarily sold to food processors, distributors and food service businesses.

The Protective and Specialty Packaging segment includes cushioning and surface protection products (including air cellular cushioning materials, films for non-food applications, polyurethane foam packaging systems sold under the Instapak(R) trademark, polyethylene foam sheets and planks, a comprehensive line of protective and durable mailers and bags, certain paper-based protective packaging materials, suspension and retention packaging, inflatable packaging, and packaging systems) and other products. Net sales of cushioning and surface protection products were: 2000 - \$1,199,059; 1999 - \$1,113,434; and 1998 - \$850,918. Net sales of other products for 2000, 1999 and 1998 were approximately 1% of consolidated net sales. Products in this segment are primarily sold to distributors and manufacturers.

	2000	1999 (1)	1998 (1)

Net sales			
Food Packaging	\$ 1,837,294	\$ 1,781,420	\$ 1,700,026
Protective and Specialty Packaging	1,230,420	1,150,433	880,181

Total segments	\$ 3,067,714	\$ 2,931,853	\$ 2,580,207
=====			
Operating profit			
Food Packaging	\$ 288,880	\$ 286,184	\$ 234,814
Protective and Specialty Packaging	249,684	237,332	158,570

Total segments	538,564	523,516	393,384
Restructuring and other (charges), net (2)	1,247	--	(87,182)
Corporate operating expenses (including goodwill amortization of \$51,776, \$49,404 and \$36,062 in 2000, 1999 and 1998, respectively)	(71,348)	(71,324)	(46,870)

Total	\$ 468,463	\$ 452,192	\$ 259,332
=====			
Depreciation and amortization			
Food Packaging	\$ 108,050	\$111,253	\$111,553
Protective and Specialty Packaging	58,954	61,958	48,214

Total segments	167,004	173,211	159,767
Corporate (including goodwill and other amortization)	52,637	50,188	36,187

Total	\$ 219,641	\$ 223,399	\$ 195,954
=====			

	2000	1999 (1)	1998 (1)
Capital expenditures			
Food Packaging	\$ 75,773	\$ 51,307	\$ 48,497
Protective and Specialty Packaging	38,424	23,773	31,487
Total segments	114,197	75,080	79,984
Corporate	--	--	2,424
Total	\$ 114,197	\$ 75,080	\$ 82,408
Assets (3)			
Food Packaging	\$ 1,361,316	\$ 1,292,850	\$ 1,453,615
Protective and Specialty Packaging	722,375	695,161	668,896
Total segments	2,083,691	1,988,011	2,122,511
Corporate (including goodwill, net of \$1,959,909, \$1,859,958 and \$1,907,736 in 2000, 1999 and 1998, respectively)	1,964,407	1,867,222	1,917,419
Total	\$4,048,098	\$3,855,233	\$4,039,930

(1) Certain prior period amounts have been reclassified to conform to the current year's presentation.

(2) Restructuring and other (charges), net in 2000 includes a non-cash credit of \$1,247 for Food Packaging. The 1998 period includes a \$73,172 charge for Food Packaging (including a net non-cash charge of \$46,021) and a \$14,010 charge for Protective and Specialty Packaging (including a net non-cash credit of \$1,846).

(3) Plant and equipment facilities and other resources of the Food Packaging segment are used to manufacture films (non-food applications) for the Protective and Specialty Packaging segment. A proportionate share of capital expenditures, assets, depreciation and other costs of manufacturing are allocated to the Protective and Specialty Packaging segment.

GEOGRAPHIC INFORMATION

	2000	1999	1998
Net sales: (4)			
North America	\$ 1,782,026	\$ 1,674,198	\$ 1,448,425
Europe	762,271	779,019	714,498
Latin America	225,229	187,110	174,843
Asia Pacific	298,188	291,526	242,441
Total	\$ 3,067,714	\$ 2,931,853	\$ 2,580,207
Total long-lived assets: (4)			
North America (5)	\$ 2,667,156	\$ 2,569,071	\$ 2,716,288
Europe	307,700	281,951	285,834
Latin America	62,120	58,638	59,292
Asia Pacific	126,675	133,855	123,144
Total	\$ 3,163,651	\$ 3,043,515	\$ 3,184,558

(4) Net sales attributed to the geographic areas represent trade sales to external customers. Net sales in North America represent substantially net sales in the United States. No non-U.S. country has net sales in excess of 10% of consolidated net sales or long-lived assets in excess of 10% of consolidated long-lived assets.

(5) Includes goodwill, net, of \$1,959,909, \$1,859,958 and \$1,907,736 in 2000, 1999 and 1998, respectively.

NOTE 4 ACQUISITIONS

In 2000 and 1999, the Company made several acquisitions (including the acquisitions of Dolphin Packaging plc and Shanklin Corporation in the third and fourth quarters of 2000, respectively). These transactions, which were carried out in exchange for cash in the aggregate amount of approximately \$237,541 in 2000 and \$25,811 in 1999, were accounted for as purchases and resulted in goodwill of approximately \$153,000 in 2000 and \$6,000 in 1999. This goodwill is being amortized over periods ranging from 5 to 30 years. These transactions were not material to the Company's consolidated financial statements.

On March 31, 1998, the Company completed a multi-step transaction (the "Cryovac Transaction"). As part of that transaction, the Cryovac packaging business ("Cryovac"), held by various direct and indirect subsidiaries of the Company, was separated from the remaining business, and the Company and one of its subsidiaries borrowed approximately \$1,260,000. The remaining business, which received the borrowed funds referred to in the preceding sentence, was then contributed to a company now known as W. R. Grace & Co. ("New Grace"), whose shares were distributed to the Company's stockholders. As a result, New Grace became a separate publicly owned company. The Company and its subsidiary retained the obligation to repay such borrowed funds. The Company recapitalized its outstanding shares of common stock into a new common stock and a new convertible preferred stock. A subsidiary of the Company then merged into the former Sealed Air Corporation ("old Sealed Air"), which changed its name to Sealed Air Corporation (US). References to "Grace" in these Notes refer to the Company and its then subsidiaries before the Cryovac Transaction. The agreements pursuant to which the Cryovac Transaction was carried out are referred to in these Notes as the "Transaction Agreements."

For accounting purposes, the historical financial statements arising from the Cryovac Transaction are those of Cryovac, and the merger described above was treated as a purchase of old Sealed Air by the Company. The Company issued 42,624,246 shares of common stock at a value of \$49.52 per share for a purchase price of \$2,141,000, including incurred costs of approximately \$30,000, in exchange for the net assets of old Sealed Air. The fair value of such net assets included approximately \$181,000 of property and equipment, \$95,800 of working capital (including cash of \$51,259), and other long-term net liabilities of approximately \$71,500. Resulting goodwill of approximately \$1,935,700 is being amortized over a 40-year period.

The following table presents selected unaudited pro forma statement of earnings information for the year ended December 31, 1998 that has been prepared as if the Cryovac Transaction had occurred on January 1, 1998. Such amounts include adjustments principally for incremental goodwill amortization and interest expense and the exclusion of a non-cash inventory charge that resulted from the turnover of certain of the Company's inventories previously stepped-up to fair value. This information is not intended to represent what the Company's actual results would have been for such year if the Cryovac Transaction had occurred on January 1, 1998.

	Year Ended December 31, 1998 (unaudited)

Net sales by segment:	
Food Packaging	\$1,726,496
Protective and Specialty Packaging	1,076,221

Net sales	\$2,802,717
=====	
Net earnings	\$ 81,492
=====	
Earnings per common share:	
Basic	\$ 0.14
Diluted	\$ 0.12
=====	

The consolidated statement of earnings for 1998 includes approximately \$32,044 of expenses that Grace allocated to Cryovac during the first quarter of 1998. The following types of expenses were allocated: domestic and international regional corporate expenses, general, administrative and maintenance services for facilities Cryovac shared with other Grace businesses, data processing services provided by Grace's European central processing facility, workers' compensation and general business insurance premiums and claims. The cost allocations for these services were determined based on methods that Grace management considered reasonable.

During 1998, the Company made certain other acquisitions. These transactions, which were effected in exchange for cash, were accounted for as purchases and were not material to the Company's consolidated financial statements.

NOTE 5 INVENTORIES

	December 31,	
	2000	1999
Inventories (at FIFO, which approximates current cost):		
Raw materials	\$ 72,537	\$ 60,596
Work in process	63,798	43,021
Finished goods	193,169	157,341
	329,504	260,958
Reduction of certain inventories to LIFO basis	(20,388)	(15,024)
Total	\$ 309,116	\$ 245,934

Inventories accounted for on a LIFO basis represented approximately 40% and 46% of total inventories at December 31, 2000 and 1999, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

	December 31,	
	2000	1999
Land and improvements	\$ 35,954	\$ 29,744
Buildings	404,514	396,716
Machinery and equipment	1,405,119	1,364,454
Other property and equipment	112,184	115,111
Construction-in-progress	85,707	40,106
	2,043,478	1,946,131
Accumulated depreciation and amortization	(1,011,337)	(922,722)
Property and equipment, net	\$ 1,032,141	\$ 1,023,409

Interest cost capitalized during 2000, 1999 and 1998 was \$3,300, \$3,000 and \$4,994, respectively.

NOTE 7 OTHER LIABILITIES

	December 31,	
	2000	1999

Other current liabilities:		
Accrued salaries, wages and related costs	\$ 93,086	\$105,811
Accrued restructuring costs (Note 9)	537	5,420
Accrued operating expenses	71,878	76,759
Accrued dividends and interest	29,457	28,497
Income taxes payable	32,883	30,880

Total	\$227,841	\$247,367
=====		
	December 31,	
	2000	1999

Other liabilities:		
Other postretirement benefits	\$ 3,699	\$ 4,309
Non-U.S. statutory social security and pension obligations	31,103	31,625
Other various liabilities	38,192	44,491

Total	\$72,994	\$80,425
=====		

Non-U.S. statutory social security and pension obligations primarily represent the present value of the Company's unfunded future obligations for certain eligible, active non-U.S. employees based on actuarial calculations.

NOTE 8 INCOME TAXES

The components of earnings before income taxes were as follows:

	2000	1999	1998

Domestic	\$ 310,361	\$233,493	\$132,448
Foreign	103,068	162,160	66,499

Total	\$ 413,429	\$395,653	\$ 198,947

The components of the provision for income taxes were as follows:

	2000	1999	1998

Current tax expense:			
Federal	\$ 96,864	\$77,391	\$54,249
State and local	23,498	20,455	11,830
Foreign	47,387	66,988	35,839

Total current	167,749	164,834	101,918

Deferred tax expense:			
Federal	14,769	10,371	1,315
State and local	3,668	2,593	283
Foreign	1,924	6,394	22,424

Total deferred	20,361	19,358	24,022

Total provision	\$ 188,110	\$184,192	\$125,940

Deferred tax assets (liabilities) consist of the following:

	December 31,	
	2000	1999
Accruals not yet deductible for tax purposes	\$ 20,865	\$ 26,077
Foreign net operating loss carryforwards and investment tax allowances	22,772	24,946
Employee benefit items	15,781	20,516
Inventories	13,576	17,617
Research and development	5,877	12,401
Postretirement benefits other than pensions	1,487	1,732
Other	6,911	7,792
Gross deferred tax assets	87,269	111,081
Valuation allowance	(15,049)	(15,412)
Total deferred tax assets	72,220	95,669
Depreciation and amortization	(125,640)	(122,032)
Unremitted foreign earnings	(38,683)	(35,750)
Intangibles	(29,891)	(34,055)
Pension	(19,414)	(21,216)
Capitalized interest	(12,421)	(14,487)
Other	(11,539)	(10,945)
Total deferred tax liabilities	(237,588)	(238,485)
Net deferred tax liabilities	\$(165,368)	\$(142,816)

The U.S. federal statutory corporate tax rate reconciles to the Company's effective tax rate as follows:

	2000	1999	1998
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.3	3.8	4.0
U.S. and foreign taxes on unremitted earnings	0.4	0.9	14.1
Foreign taxes on foreign operations in excess of U.S. tax rates	0.6	1.8	2.6
Non-deductible expenses, primarily goodwill amortization	5.2	5.1	7.6
Effective tax rate	45.5%	46.6%	63.3%

The Company has concluded that it is more likely than not that the balance of deferred tax assets, net of the valuation allowance, of \$72,220 at December 31, 2000 will be realized based upon anticipated future results. The balance of the valuation allowance of \$15,049 at December 31, 2000 is due to the uncertainty of the realization of certain foreign deferred tax assets, primarily relating to foreign investment tax allowances that arose during 1996.

During 1998, the Company began providing for income taxes on that portion of foreign subsidiaries' accumulated earnings that management believes are not reinvested indefinitely in their businesses. Such provision resulted in an income tax charge of \$26,000 in respect of such accumulated earnings. Previously, the Company treated the accumulated earnings of the Company's foreign subsidiaries as reinvested indefinitely in their businesses, and therefore no income taxes were provided in the financial statements with respect to future repatriation of such accumulated earnings.

At December 31, 2000, there were \$45,251 of foreign net operating loss carryforwards (\$13,368 tax effected) and \$33,587 of investment tax allowances (\$9,404 tax effected), the majority of which originated prior to the Cryovac Transaction, and have no expiration period. New Grace retains the future benefit, if realized, of such loss carry-forwards and allowances originating prior to the Cryovac Transaction.

NOTE 9 RESTRUCTURING COSTS AND OTHER CHARGES, NET

Prior to the Cryovac Transaction, Grace began to implement a worldwide program (the "Pre-1998 Program") focused on streamlining processes and reducing general and administrative expenses and factory administration costs. Charges recognized relating to the Pre-1998 Program primarily related to headcount reductions in Cryovac and the restructuring of Cryovac's European operations in areas such as working capital management, manufacturing and sales. This program resulted in the elimination of approximately 400 positions worldwide. As of December 31, 2000, all of these positions had been eliminated.

In connection with the Cryovac Transaction, certain obligations related to Grace's restructuring program were retained by New Grace. As of March 31, 1998, the Company's liability with respect to such obligations, amounting to approximately \$7,714 together with related deferred income taxes, was reversed and accounted for as an equity contribution to the Company from Grace.

After the Cryovac Transaction, the Company conducted a review of its operations in order to develop a combined operating plan for old Sealed Air and Cryovac. The review considered organization and business structures and methods, the nature and extent of manufacturing and business operations in each region of the world, including assets and resources deployed, and current business and economic trends. As a result of such review, during the third quarter of 1998, the Company announced and began implementation of a restructuring program (the "1998 Program"). Charges to operations arising out of the 1998 Program amounted to \$111,074 and included \$39,848 of employee termination costs, for approximately 750 positions or approximately 5% of its workforce across all functional areas, \$3,441 of exit costs and \$67,785 of asset impairments related to long-lived assets either held for use or held for disposition. The portion of the 1998 restructuring and asset impairment charge applicable to the Company's food packaging segment amounted to \$97,064 and the portion applicable to the protective and specialty packaging segment amounted to \$14,010. The asset impairment amount of \$67,785 includes write-downs or write-offs of \$47,083 for property, plant and equipment, \$13,008 for goodwill, and \$7,694 for certain other long-lived intangible assets. The \$67,785 asset impairment charge includes \$20,021 of long-lived assets, primarily machinery and equipment, that have been disposed and the remaining amount of \$47,764 are long-lived assets held for use. The Company incurred approximately \$41,718 of cash outlays to carry out this restructuring program. These cash outlays include primarily severance and other personnel related costs, costs of terminating leases and facilities and equipment disposition costs. During the fourth quarter of 2000, the Company reversed \$1,247 of the liability related to the 1998 Program, as costs were lower than originally anticipated. As of December 31, 2000, all restructuring actions related to this program were substantially completed including the elimination of 744 positions.

The remaining liability of \$537 at December 31, 2000 is related to outstanding employee separation costs which are expected to be paid during 2001.

The following table presents the rollforward of the restructuring liability from December 31, 1997 to December 31, 2000, including restructuring charges, spending, reserve reversals and other activity during the three-year period.

	Employee Termination Costs	Plant/ Office Closures	Contract Termination Costs	Total
Restructuring liability at December 31, 1997	\$ 10,157	\$ 2,786	\$ --	\$ 12,943
Liability retained by New Grace at March 31, 1998	(5,015)	(2,699)	--	(7,714)
Partial reversal of Pre-1998 Program	(282)	--	--	(282)
1998 Program restructuring charge	39,848	2,291	1,150	43,289
Pre-1998 Program payments	(3,516)	--	--	(3,516)
1998 Program payments	(14,486)	(729)	(1,150)	(16,365)
Restructuring liability at December 31, 1998	26,706	1,649	--	28,355
Pre-1998 Program payments	(951)	(56)	--	(1,007)
1998 Program payments	(21,392)	(536)	--	(21,928)
Restructuring liability at December 31, 1999	4,363	1,057	--	5,420
Pre-1998 Program payments	(180)	(31)	--	(211)
1998 Program payments	(2,488)	(937)	--	(3,425)
Partial reversal of 1998 Program	(1,158)	(89)	--	(1,247)
Restructuring liability at December 31, 2000	\$ 537	\$ --	\$ --	\$ 537

NOTE 10 EMPLOYEE BENEFITS AND INCENTIVE PROGRAMS

PROFIT-SHARING AND RETIREMENT SAVINGS PLANS

The Company has a non-contributory profit-sharing plan covering most of the Company's U.S. employees. Contributions to this plan, which are made at the discretion of the Board of Directors, may be made in cash, shares of the Company's common stock, or in a combination of cash and shares of the Company's common stock. The Company also maintains contributory thrift and retirement savings plans in which most U.S. employees of the Company are eligible to participate. The contributory thrift and retirement savings plans generally provide for Company contributions based upon the amount contributed to the plans by the participants. Company contributions to or provisions for its profit-sharing and retirement savings plans are charged to operations and amounted to \$22,004, \$31,852 and \$22,919 in 2000, 1999 and 1998, respectively. Shares of common stock issued for a portion of the Company's contribution to its profit-sharing plan were \$13,877 and \$8,823 in 2000 and 1999, respectively. In 1998, no shares of common stock were issued to the profit sharing plan.

PENSION PLANS

The Company maintains pension plans for certain U.S. employees, including certain employees who are covered by collective bargaining agreements. In 1998, the Company established a pension plan for U.S. employees who were employees of Cryovac at the time of the Cryovac Transaction and who participated in a prior pension plan. The new plan is intended to provide restorative benefits to the extent required, if any, should the Company's assumed profit-sharing plan benefits be insufficient to provide retiree benefits at least equivalent in amount to assumed benefits under that prior plan. Pension cost for all U.S. pension plans charged to operations during 2000, 1999, and for the 1998 period subsequent to the Cryovac Transaction amounted to \$624, \$1,088 and \$803, respectively. The balance sheets as of December 31, 2000 and 1999 include the following items related to such plans: an intangible asset of \$1,706 and \$1,610, respectively; accumulated other comprehensive income of \$59 and \$572, respectively; an accrued benefit liability of \$21 and \$599, respectively; and a prepaid pension asset of \$2,510 and \$1,964, respectively. The aggregate benefit obligation at December 31, 2000 and 1999 amounted to \$16,802 and \$15,369, respectively, while the fair value of plan assets at such dates amounted to \$15,423 and \$14,170, respectively.

Separate calculations of Cryovac's net pension cost within Grace's U.S. pension plans were performed for the quarter ended March 31, 1998. Cryovac's net pension cost amounted to \$1,092 and consisted of service cost on benefits earned during the quarter of \$1,520, interest cost on benefits earned in prior years of \$3,251, actual return on plan assets of \$3,587, deferred gain on plan assets of \$273, and amortization of net gain and prior service costs of \$365.

Certain of the Company's non-U.S. employees participate in defined benefit pension plans. The following presents the Company's funded status for 2000 and 1999 under SFAS No. 132 for its non-U.S. pension plans.

Change in benefit obligation:	2000	1999

Benefit obligation at beginning of period	\$ 133,206	\$ 128,581
Service cost	6,754	6,984
Interest cost	7,390	7,116
Actuarial loss	2,123	2,659
Plan merger	3,275	--
Curtailement loss	1,614	--
Benefits paid	(7,881)	(8,899)
Employee contributions	1,403	1,282
Foreign exchange impact	(10,758)	(4,517)

Benefit obligation at end of period	\$ 137,126	\$ 133,206
=====		
Change in plan assets:		

Fair value of plan assets at beginning of period	\$160,568	\$145,601
Plan merger	2,289	--
Actual return on plan assets	4,980	19,712
Employer contributions	1,982	2,438
Benefits paid	(7,881)	(8,899)
Employee contributions	1,403	1,282
Foreign exchange impact	(12,863)	434

Fair value of plan assets at end		

of period

\$ 150,478

\$ 160,568

Funded status:	2000	1999
Plan assets in excess of benefit obligation	\$ 13,352	\$ 27,362
Unrecognized net obligation (asset)	335	(212)
Unrecognized net prior service cost	862	706
Unrecognized net actuarial loss	19,364	9,125
Prepaid pension cost at end of period	\$ 33,913	\$ 36,981
Amount recognized in the consolidated balance sheet consists of:		
Prepaid benefit cost	\$ 54,156	\$ 57,364
Accrued benefit liability	(23,410)	(23,646)
Intangible asset	691	493
Accumulated other comprehensive income	2,476	2,770
Net amount recognized	\$ 33,913	\$ 36,981

The following presents the Company's pension expense for 2000, 1999 and from April 1, 1998 to December 31, 1998 under SFAS No. 132 for its non-U.S. pension plans.

Components of net periodic benefit cost:	Year ended December 31, 2000	Year ended December 31, 1999	For period April 1, 1998 to December 31, 1998
Service cost	\$ 6,754	\$ 6,984	\$ 4,165
Interest cost	7,390	7,116	5,819
Expected return on plan assets	(13,060)	(12,169)	(9,766)
Amortization of asset	(159)	(487)	(375)
Amortization of prior service cost	115	106	79
Amortization of net loss	326	1,096	234
Net periodic pension cost	\$ 1,366	\$ 2,646	\$ 156

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$32,924, \$28,440 and \$4,920 as of December 31, 2000, respectively, and \$31,120, \$25,428 and \$5,007 as of December 31, 1999, respectively.

The following significant assumptions were used in calculating the pension cost and funded status presented above:

	2000	1999	1998
Discount rate at December 31	5.9%	5.7%	6.3%
Expected long-term rate of return	8.6%	8.6%	8.9%
Rate of compensation increase	3.9%	3.8%	4.0%

NOTE 11 OTHER POSTRETIREMENT BENEFIT PLANS

The Company generally does not offer its employees postretirement benefits other than certain programs which are required by the foreign countries in which the Company operates and certain U.S. programs which are fully funded by the participating retired employees. Such programs are not material to the Company's consolidated financial statements.

During 1998, the Company amended an existing U.S. postretirement healthcare plan which had the effect of curtailing benefits for substantially all future retirees. As a result of this plan curtailment, the Company reflected a credit to operations and a postretirement liability reduction of \$23,610 during the fourth quarter of 1998. At December 31, 2000 and 1999, the accrued benefit liability amounted to \$3,699 and \$4,309, respectively. For the years ended December 31, 2000 and 1999, there was a net postretirement credit to operations of \$610 and \$607, respectively. For the year ended December 31, 1998, the net periodic postretirement benefit cost was \$331. These net periodic postretirement credits, together with other remaining postretirement healthcare plan disclosures under SFAS No. 132, are not material to the consolidated financial statements.

NOTE 12 DEBT

A summary of long-term debt at December 31, 2000 and 1999 follows:

	December 31,	
	2000	1999
Credit Agreement due March 2003	\$ 456,263	\$ 160,978
5.625% Euro Notes due July 2006, less discount of \$1,056 and \$1,317 in 2000 and 1999, respectively	185,145	200,858
6.95% Senior Notes due May 2009, less discount of \$1,909 and \$2,071 in 2000 and 1999, respectively	298,091	297,929
Other	6,372	12,259
Total	945,871	672,024
Less current installments	(1,418)	(6,908)
Long-term debt, less current installments	\$ 944,453	\$ 665,116

The Company's two principal credit agreements (as amended, the "Credit Agreements") are a 5-year \$525,000 revolving credit facility that expires on March 30, 2003 (included in long-term debt) and a 364-day \$375,000 revolving credit facility that expires on March 26, 2001 (included in short-term borrowings). As of December 31, 2000 and 1999, outstanding borrowings were \$456,263 and \$160,978, respectively, under the 5-year revolving credit facility and \$127,885 and \$38,342, respectively, under the 364-day revolving credit facility. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs, including acquisitions, repurchase of the Company's outstanding common and preferred stock and capital expenditures. Amounts repaid under the Credit Agreements may be reborrowed from time to time. As of December 31, 2000, facility fees were payable on the total amounts available under the Credit Agreements and amounted to 0.095% and 0.100% per annum under the 5-year revolving credit facility and the 364-day revolving credit facility, respectively.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 7.0% at December 31, 2000 and 6.0% at December 31, 1999. The Company had no interest rate and currency swaps outstanding at December 31, 2000, but had certain interest rate and currency swap agreements outstanding at December 31, 1999, related to its obligations under the Credit Agreements. These agreements had the effect of adjusting the

interest rates on a portion of such debt. The weighted average interest rate at December 31, 1999 did not change significantly as a result of these derivative financial instruments.

At December 31, 2000, the Company was not party to any interest rate swaps. At December 31, 1999, the Company was party to forward-starting interest rate swaps with an aggregate notional amount of approximately \$151,000 with various expiration dates through November 2004. The interest rate swaps outstanding as of December 31, 1999 had the effect of converting a portion of the Company's fixed rate debt to floating rate debt at U.S. dollar-denominated rates which ranged from 6.2% to 6.5% at December 31, 1999, and euro-denominated rates which ranged from 3.8% to 4.4% at December 31, 1999.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings. The Credit Agreements, Senior Notes and Euro Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The Company was in compliance with these requirements as of December 31, 2000.

Debt at December 31, 2000 and 1999 also included \$162,543 and \$114,311, respectively, of short-term borrowings by certain of the Company's non-U.S. subsidiaries under committed and uncommitted local lines of credit and \$6,372 and \$12,259, respectively, of long-term debt incurred by certain of the Company's U.S. and non-U.S. subsidiaries.

The Company had available lines of credit under the Credit Agreements and other committed and uncommitted credit facilities of approximately \$1,300,000 at December 31, 2000 and 1999, of which approximately \$500,000 and \$1,100,000 were unused at December 31, 2000 and 1999, respectively. The Company is not subject to any material compensating balance requirements in connection with its lines of credit.

Scheduled annual maturities of long-term debt, exclusive of debt discounts, for the five years subsequent to December 31, 2000 are as follows: 2001 - \$1,418; 2002 - \$1,377; 2003 - \$457,514; 2004 - \$830; 2005 - \$826; and thereafter - \$486,871.

NOTE 13 FINANCIAL INSTRUMENTS

The Company is required by generally accepted accounting principles to disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its consolidated financial statements and derivative financial instruments. The fair value of the Company's Senior Notes, Euro Notes and Series A convertible preferred stock are based on quoted market prices. The fair value estimates of the Company's various other debt instruments were derived by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date. Such estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the Company's estimates.

All financial instruments inherently expose the holders to market risk, including changes in currency and interest rates. The Company manages its exposure to these market risks through its regular operating and financing activities and when it considers appropriate, through the use of derivative financial instruments.

The carrying amounts of current assets and liabilities approximate fair value due to their short-term maturities. The carrying amounts and estimated fair values of the Company's material financial instruments at December 31, 2000 and 1999 were as follows:

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value

Financial assets:				
Foreign exchange forward contracts	\$ --	\$ 253	\$ --	\$ --

Financial liabilities:				
Debt:				
Credit Agreements	584,148	584,148	199,320	199,320
Derivatives	--	--	--	(85)
Credit Agreements, net	584,148	584,148	199,320	199,235
Senior Notes	298,091	257,832	297,929	273,263
Derivatives	--	--	--	857
Senior Notes, net	298,091	257,832	297,929	274,120
Euro Notes	185,145	148,066	200,858	188,545
Derivatives	--	--	--	(20)
Euro Notes, net	185,145	148,066	200,858	188,525
Other foreign loans	165,114	165,210	123,462	123,853
Derivatives	--	--	--	423
Foreign loans, net	165,114	165,210	123,462	124,276
Other loans	3,801	3,994	3,108	2,609
Total debt	\$ 1,236,299	\$ 1,159,250	\$ 824,677	\$ 788,765
=====				
Series A convertible preferred stock	\$ 1,392,373	\$ 849,348	\$ 1,761,662	\$ 1,779,279
=====				

The Company uses derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading purposes.

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates. At December 31, 2000, the Company was not party to any interest rate swaps. At December 31, 1999, the Company was party to forward-starting interest rate swaps with an aggregate notional amount of approximately \$151,000 with various expiration dates through November 2004. The forward-starting interest rate swaps outstanding at December 31, 1999 had the effect of converting a portion of the Company's fixed rate debt to floating rate debt at U.S. dollar-denominated rates which ranged from 6.2% to 6.5% at December 31, 1999, and euro-denominated rates which ranged from 3.8% to 4.4% at December 31, 1999.

Interest rate collars are used to reduce the Company's exposure to fluctuations in interest rates by limiting fluctuations in the rate of interest the Company pays on a notional amount of debt. At December 31, 2000 and 1999, the Company was party to an interest rate collar with an aggregate notional amount of approximately \$8,000 with an expiration date of June 2001.

The Company uses interest rate and currency swaps to gain access to additional sources of international financing while limiting foreign exchange exposure and limiting or adjusting interest rate exposure by swapping borrowings in U.S. dollars for borrowings denominated in foreign currencies. At December 31, 2000, the Company was not party to any interest rate and currency swaps compared with an aggregate notional amount of approximately \$5,000 and various expiration dates through March 2002 at December 31, 1999.

The Company uses foreign currency forwards to fix the amount payable on transactions denominated in foreign currencies. At December 31, 2000, the Company was party to foreign currency forward contracts, maturing through December 2001, with an aggregate notional amount of approximately \$13,800. The Company was not party to any material foreign currency forwards at December 31, 1999.

The fair values of the Company's various derivative instruments, as advised by the Company's bankers, generally reflect the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date.

Unrealized and realized gains and losses on the Company's financial instruments and derivatives were not material to the consolidated financial statements in 2000, 1999 or 1998.

The Company is exposed to credit losses in the event of the inability of the counterparties to its outstanding derivative contracts to perform their obligations, but it does not expect any counterparties to fail to perform given their high credit ratings and financial strength. The Company believes that its exposure to losses in conjunction with its derivative contracts would not be material in the case of non-performance on the part of the counterparties to such agreements.

NOTE 14 SHAREHOLDERS' EQUITY

COMMON STOCK

The following is a summary of changes during 2000, 1999 and 1998 in shares of common stock:

	2000	1999	1998

Changes in common stock:			
Number of shares, beginning of year	84,135,255	83,806,361	--
Cryovac Transaction share issuances	--	--	83,272,061
Shares issued for contingent stock	183,050	246,300	522,300
Non-cash compensation	10,800	13,000	12,000
Conversion of preferred stock	1,008	5,483	--
Exercise of stock options	22,379	64,111	--

Number of shares issued, end of year	84,352,492	84,135,255	83,806,361
=====			

	2000	1999	1998

Changes in common stock in treasury:			
Number of shares held, beginning of year	535,356	494,550	--
Contingent stock forfeited	21,550	15,400	3,550
Purchase of shares during period	494,737	251,000	491,000
Non-cash compensation	(60,000)	(50,000)	--
Profit sharing contribution	(285,378)	(175,594)	--

Number of shares held, end of year	706,265	535,356	494,550
=====			

CONTINGENT STOCK PLAN AND DIRECTORS STOCK PLAN

The Company's contingent stock plan provides for the granting to employees of awards to purchase common stock (during the succeeding 60-day period) for less than 100% of fair market value at the date of award. Shares issued under the contingent stock plan ("contingent stock") are restricted as to disposition by the holders for a period of at least three years after award. In the event of termination of employment prior to lapse of the restriction, the shares are subject to an option to repurchase by the Company at the price at which the shares were issued. Such restriction lapses prior to the expiration of the vesting period if certain events occur that affect the existence or control of the Company. The aggregate fair value of contingent stock issued is credited to common stock and additional paid-in capital accounts, and the unamortized portion of the compensation is deducted from shareholders' equity. The excess of fair value over the award price of contingent stock is charged to operations as compensation expense over a three-year period. Such charges amounted to \$16,015, \$15,679 and \$10,732 in 2000, 1999 and 1998, respectively.

Non-cash compensation includes shares issued to non-employee directors in the form of awards under the Company's restricted stock plan for non-employee directors (the "Directors Stock Plan"). The Directors Stock Plan provides for annual grants of shares to non-employee directors, and interim grants of shares to eligible directors elected at other than an annual meeting, at an amount less than 100% of fair value at date of grant, as all or part of the annual retainer fees for non-employee directors. Shares issued under this plan are restricted as to disposition by the holders as long as such holders remain directors of the Company. The excess of fair value over the price at which shares are issued under this plan is charged to operations at the date of such grant. Such charges amounted to \$587, \$842 and \$437 in 2000, 1999 and 1998, respectively. Amortization expense related to the issuance of 60,000 and 50,000 shares in 2000 and 1999, respectively, of the Company's common stock in exchange for certain non-employee consulting services was \$1,474 and \$269, respectively. Such shares vest ratably over a three to five year period and are amortized on a straight-line basis.

The Company has adopted only the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," but applies APB No. 25 and related interpretations in accounting for these plans. Since the compensation cost noted above is consistent with the compensation cost that would have been recognized for such plans under the provisions of SFAS No. 123, the pro forma disclosure requirements under such statement are not applicable for these plans.

A summary of the changes in shares available for the Contingent Stock Plan and the Directors Stock Plan follows:

	2000	1999	1998

Changes in Contingent Stock Plan shares:			
Number of shares available, beginning of year	1,748,550	1,978,450	--
Establishment of plan following the Cryovac Transaction	--	--	450,450
Increase in shares authorized during the year	--	--	2,049,550
Shares issued for new awards	(183,050)	(246,300)	(522,300)
Contingent stock forfeited	21,550	16,400	750

Number of shares available, end of year	1,587,050	1,748,550	1,978,450

Weighted average per share market value of stock on grant date	\$ 48.96	\$ 55.19	\$ 58.37
=====			

	2000	1999	1998

Changes in Directors Stock Plan shares:			
Number of shares available, beginning of year	75,000	88,000	--
Establishment of plan following the Cryovac Transaction	--	--	100,000
Shares issued for new awards	(10,800)	(13,000)	(12,000)

Number of shares available, end of year	64,200	75,000	88,000

Weighted average per share market value of stock on grant date	\$ 55.31	\$ 64.88	\$ 36.33
=====			

REDEEMABLE PREFERRED STOCK - SERIES A CONVERTIBLE PREFERRED STOCK

The outstanding preferred stock is convertible at any time into approximately 0.885 share of common stock for each share of preferred stock, votes with the common stock on an as-converted basis, pays a cash dividend, as declared by the Board of Directors, at an annual rate of \$2.00 per share, payable quarterly in arrears, becomes redeemable at the option of the Company beginning March 31, 2001, subject to certain conditions, and is subject to mandatory redemption on March 31, 2018 at \$50 per share, plus any accrued and unpaid dividends to the extent such shares remain outstanding. Because it is subject to mandatory redemption, the convertible preferred stock is classified outside of the shareholders' equity section of the balance sheet. At its date of issuance, the fair value of the convertible preferred stock exceeded its mandatory redemption amount primarily due to the common stock conversion feature of such preferred stock. Accordingly, the carrying amount of the convertible preferred stock is reflected in the consolidated balance sheet at its mandatory redemption value.

The following is a summary of changes during 2000, 1999 and 1998 in shares of the Company's Series A preferred stock:

	2000	1999	1998

Changes in preferred stock:			
Number of shares issued, beginning of year	36,015,645	36,021,851	--
Conversion of preferred stock	(1,146)	(6,206)	--
Cryovac Transaction share issuances	--	--	36,021,851
Retired	(7,732,137)	--	--

Number of shares issued, end of year	28,282,362	36,015,645	36,021,851

Changes in preferred stock in treasury:			
Number of shares held, beginning of year	782,400	200,000	--
Purchase of shares during period	7,384,637	582,400	200,000
Retired	(7,732,137)	--	--

Number of shares held, end of year	434,900	782,400	200,000

STOCK OPTIONS

Stock option plans in which certain employees of the Company participated were terminated effective March 31, 1998 except with respect to options that were still outstanding as of such date. Such options, which were granted at an exercise price equal to their fair market value on the date of grant, have terms of up to ten years and one month from the date of grant. No options have been granted since 1997.

During 2000 and 1999, 22,379 and 64,111 options, respectively, were exercised with an aggregate exercise price of \$860 and \$2,029, respectively. At December 31, 2000 and December 31, 1999, 395,116 and 426,066 options, respectively, to purchase shares of common stock were outstanding at an average per share exercise price of \$37.66 and \$37.83, respectively.

The pro forma effect on earnings and earnings per common share of applying SFAS No. 123 for those options granted to employees prior to termination of the plans were as follows:

	Year Ended December 31,		
	2000	1999	1998

Net earnings ascribed to common shareholders:			
As reported	\$ 206,366	\$ 141,607	\$ 2,873
Pro forma (1)	206,191	140,867	1,673

Basic earnings per common share:			
As reported	\$ 2.47	\$ 1.69	\$ 0.04
Pro forma (1)	2.46	1.69	0.02

Diluted earnings per common share:			
As reported	\$ 1.93	\$ 1.68	\$ 0.02
Pro forma (1)	1.93	1.67	0.00

(1) These pro forma amounts calculated in accordance with SFAS No. 123 may not be indicative of future net earnings or earnings per common share effects.

The fair value of 1997 option grants, the last year in which options were granted before termination of the plans, after giving effect to adjustments provided for in the Transaction Agreements was estimated using the Black-Scholes option pricing model with the following historical weighted average assumptions: dividend yields of 1%; expected volatility of 29%; risk-free interest rates of 6%; and 4 years of expected life.

Based on the above assumptions, the weighted-average fair value of each option granted in 1997 was \$10.60 after giving effect to the Cryovac Transaction.

CRYOVAC TRANSACTION

In connection with the Cryovac Transaction, certain assets and liabilities of Cryovac were retained by New Grace as contemplated by the Transaction Agreements. Accordingly, as of March 31, 1998, these assets and liabilities were accounted for as an equity contribution to the Company from Grace, net of related deferred income taxes. Certain other assets and liabilities related to non-U.S. pension plans, deferred income tax liabilities and other items arising directly from the Cryovac Transaction have been accounted for as a contribution to, or distribution from, Cryovac.

The following is a summary of the net activity affecting the Company's equity in connection with the Cryovac Transaction during 1998:

Assets transferred to the Company	\$ 81,905
Liabilities retained by New Grace	51,671
Liabilities transferred to the Company	(24,926)
Tax adjustment, including deferred taxes	(64,342)
Net advances to Grace	(20,369)

	\$ 23,939
=====	

Prior to the Cryovac Transaction, the Company did not have a separately identifiable capital structure. Therefore, shareholders' equity prior to March 31, 1998 represents the net assets of Cryovac.

NOTE 15 SUPPLEMENTARY CASH FLOW INFORMATION

	2000	1999	1998
Interest payments, net of amounts capitalized	\$ 58,684	51,810	\$47,997
Income tax payments	176,235	172,980	80,069
Non-cash items:			
Issuance of shares of common stock to the profit sharing plan	\$ 13,877	\$ 8,823	\$ --

The consolidated statement of cash flows for the year ended December 31, 1998 excludes the following non-cash transactions that were accounted for as changes in additional paid-in capital:

Issuance of 36,021,851 shares of Series A convertible preferred stock and 40,647,815 shares of common stock in connection with the Cryovac Transaction	\$ 1,801,093
Net assets of old Sealed Air acquired in the Cryovac Transaction in exchange for 42,624,246 shares of common stock	2,110,752
Liabilities assumed by the Company, net	(7,363)
Liabilities retained by New Grace	51,671

NOTE 16 EARNINGS PER COMMON SHARE

In calculating basic and diluted earnings per common share, the weighted average number of common shares used considers the exercise of dilutive stock options in each year as well as the repurchase of preferred stock in each period. Except as noted in the table below, the outstanding preferred stock is not assumed to be converted in the calculation of diluted earnings per common share because the treatment of the preferred stock as the common stock into which it is convertible would be anti-dilutive (i.e., would increase earnings per common share) in those years. In calculating basic and diluted earnings per common share for 1998, retroactive recognition has been given to the Cryovac Transaction as if it had occurred on January 1, 1998 in accordance with SAB No. 98. Accordingly, net earnings were reduced in such year for preferred stock dividends (as if such shares had been outstanding during the first quarter of 1998) to arrive at earnings ascribed to common shareholders. The weighted average number of outstanding common shares used to calculate basic earnings per common share in such years was calculated on an equivalent share basis using the weighted average number of shares of common stock outstanding for the first quarter of 1998, adjusted to reflect the terms of the Cryovac Transaction.

The following table sets forth the reconciliation of the basic and diluted earnings per common share computations for the years ended December 31, 2000, 1999 and 1998 (shares in thousands).

	2000	1999	1998 (1)
Basic EPS:			
NUMERATOR			
Net earnings	\$225,319	\$211,461	\$ 73,007
Add: Excess of book value over repurchase price of preferred stock	45,283	1,568	1,798
Less: Preferred stock dividends	64,266	71,422	53,921
Less: Retroactive recognition of preferred stock dividends	--	--	18,011
Earnings ascribed to common shareholders	\$206,336	\$141,607	\$ 2,873
DENOMINATOR			
Weighted average common shares outstanding - basic	83,672	83,553	72,997

----- Basic earnings per common share	\$ 2.47	\$ 1.69	\$ 0.04
=====			

	2000	1999	1998 (1)

Diluted EPS:			
NUMERATOR			

Earnings ascribed to common shareholders	\$206,336	\$141,607	\$ 2,873
Add: Dividends associated with preferred stock repurchased	8,423	916	316
Less: Excess of book value over repurchase of preferred stock	45,283	1,568	1,798

Earnings ascribed to common shareholders-diluted	\$169,476	\$140,955	\$ 1,391
=====			
DENOMINATOR			

Weighted average common shares outstanding - basic	83,672	83,553	72,997
Effect of assumed exercise of options	90	131	118
Weighted average of preferred stock purchased	4,189	444	158

Weighted average common shares outstanding - diluted	87,951	84,128	73,273

Diluted earnings per common share	\$ 1.93	\$ 1.68	\$ 0.02
=====			

(1) Such earnings per common share amounts are not necessarily indicative of the results that would have occurred had Cryovac been a stand-alone company prior to the Cryovac Transaction.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The Company is obligated under the terms of various leases covering many of the facilities that it occupies. The Company accounts for substantially all of its leases as operating leases. Net rental expense was \$23,497, \$24,667 and \$20,873 for 2000, 1999 and 1998, respectively. Estimated future minimum annual rental commitments under noncancelable real property leases are as follows: 2001 - \$22,321; 2002 - \$17,074; 2003 - \$11,492; 2004 - \$7,972; 2005 - \$5,798; and subsequent years - \$9,407.

In connection with the Cryovac Transaction, New Grace and its subsidiaries retained all liabilities of Grace, whether accruing or occurring before or after the Cryovac Transaction, other than liabilities arising from or relating to Cryovac's operations. The liabilities retained by New Grace include, among others, liabilities relating to asbestos-containing products previously manufactured or sold by Grace subsidiaries, including its primary U.S. operating subsidiary, which has operated for decades and has been a subsidiary of New Grace since the Cryovac Transaction. The Transaction Agreements provided that, should any claimant seek to hold the Company, including any of its subsidiaries, responsible for liabilities of New Grace or its subsidiaries, including such asbestos-related liabilities, New Grace and its subsidiaries would indemnify and defend the Company.

Since the beginning of 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac Transaction, the Company is responsible for alleged asbestos liabilities of New Grace and its subsidiaries, certain of which are also named as co-defendants in these actions. These actions include several purported class action lawsuits and a number of personal injury lawsuits. Some plaintiffs seek damages for personal injury or wrongful death while others seek medical monitoring, environmental remediation or remedies related to an attic insulation product. While the allegations in these actions directed to the Company vary, these actions all appear to allege that the Cryovac Transaction was a fraudulent transfer or gave rise to successor liability. These cases are all in the pre-trial stage, and none has been resolved through judgment, settlement or otherwise.

The Company believes that it is well-positioned to defend itself successfully in any asbestos-related claims against it, including the actions described above. Neither old Sealed Air nor Cryovac has ever produced or sold any asbestos-containing products. To the extent that the Company is named in any asbestos-related actions, the Company intends to defend its interests vigorously. However, an adverse outcome could have a material adverse effect on the Company's results of operations or consolidated financial position. While it is not possible to predict the outcome of any litigation, based on the facts known to the Company, the Company does not believe that an adverse outcome is

probable. Thus, in accordance with generally accepted accounting principles, the Company has not recorded any liability in its financial statements for these actions.

The Company's legal defense costs to date (including costs paid by New Grace under the Transaction Agreements) have not

been material. In late January 2001, New Grace announced that it was reviewing the strategic and operating issues associated with continuing to defend asbestos litigation through the court system versus seeking a resolution of such litigation through reorganization under Chapter 11 of the U.S. Bankruptcy Code. If New Grace were to file under Chapter 11 of the Bankruptcy Code, that would not alter the Company's views expressed in the preceding paragraph. If New Grace files under Chapter 11 or fails to indemnify and defend the Company, the Company could incur additional asbestos-related costs that could become material to the Company's results of operations or consolidated financial position.

In addition to the non-Cryovac liabilities referred to above, New Grace also agreed to retain certain liabilities of Cryovac and to indemnify the Company against such liabilities. The Company may remain contingently liable with respect to certain of such liabilities if New Grace were to fail to indemnify the Company or file under Chapter 11. Based upon currently available information, the Company believes that future costs, if any, related to such liabilities will not have a material adverse effect on the Company's results of operations or consolidated financial position.

The Company is the guarantor of certain outstanding public debt that was assumed by New Grace pursuant to the Transaction Agreements. Approximately \$8,000 of such debt was outstanding at December 31, 2000. New Grace has indemnified the Company against any liability arising under such guarantee pursuant to the Transaction Agreements. However, if New Grace were to file under Chapter 11 of the Bankruptcy Code, the Company could become responsible for such debt, to the extent it was then outstanding, under such guarantee.

Pursuant to the Transaction Agreements, final determinations and accountings are necessary with respect to matters pertaining to the Cryovac Transaction. The Company believes that the final outcome of such matters will not have a material effect on its consolidated financial position.

The Company's worldwide operations are subject to environmental laws and regulations which, among other things, impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. The Company reviews the effects of environmental laws and regulations on its operations and believes that it is in substantial compliance with all material applicable environmental laws and regulations.

At December 31, 2000 and 1999, the Company was a party to, or otherwise involved in, several federal and state government environmental proceedings and private environmental claims for the cleanup of Superfund or other sites. The Company may have potential liability for investigation and cleanup of certain of such sites. At most of such sites, numerous companies, including either the Company or one of its predecessor companies, have been identified as potentially responsible parties ("PRPs") under Superfund or related laws. It is the Company's policy to provide for environmental cleanup costs if it is probable that a liability has been incurred and if an amount which is within the estimated range of the costs associated with various alternative remediation strategies is reasonably estimable, without giving effect to any possible future insurance proceeds. As assessments and cleanups proceed, these liabilities are reviewed periodically and adjusted as additional information becomes available. At December 31, 2000 and 1999, such environmental related provisions were not material. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to the Company and its experience in dealing with such matters, the Company believes that its potential future liability with respect to such sites is not material to the Company's results of operations or consolidated financial position. The Company is also involved in various other legal actions incidental to its business. Company management believes, after consulting with counsel, that the disposition of these other legal proceedings and matters will not have a material effect on the Company's results of operations or consolidated financial position.

NOTE 18 INTERIM FINANCIAL INFORMATION (UNAUDITED)

(Amounts in thousands, except for per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<hr/>				
2000				
Net sales (1)	\$741,464	\$756,841	\$773,255	\$796,154
Gross profit	257,989	253,973	253,434	269,908
Net earnings	54,983	53,831	54,714	61,791
Preferred stock dividends	17,097	17,002	15,991	14,176
Earnings per common share - basic (2)	0.49	0.44	0.57	0.97
Earnings per common share - diluted (2)	0.45	0.44	0.46	0.56
1999				
Net sales (1)	\$700,387	\$718,342	\$736,639	\$776,485
Gross profit	245,698	253,580	257,204	272,240
Net earnings	46,614	51,192	53,712	59,943
Preferred stock dividends	17,910	17,879	17,879	17,754
Earnings per common share - basic (2)	0.34	0.40	0.43	0.52
Earnings per common share - diluted (2)	0.34	0.40	0.43	0.50
<hr/>				

(1) See Note 2 regarding the reclassification of net sales related to the adoption of EITF No. 00-10.

(2) The sum of the four quarter's earnings per common share may not equal the amounts reported for the full year since each period is calculated separately.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
of Sealed Air Corporation

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sealed Air Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
- - - - -
KPMG LLP
Short Hills, New Jersey
January 25, 2001

COMMON STOCK

1999	High	Low
First Quarter	\$ 56-3/4	\$ 46-3/4
Second Quarter	\$ 68-7/16	\$ 48-2/16
Third Quarter	\$ 65-7/8	\$ 51-2/16
Fourth Quarter	\$ 58-2/16	\$ 44-9/16

2000	High	Low
First Quarter	\$ 61-14/16	\$ 43-3/8
Second Quarter	\$ 59-1/2	\$ 50-10/16
Third Quarter	\$ 54-3/4	\$ 43-13/16
Fourth Quarter	\$ 52-1/2	\$ 26-6/16

PREFERRED STOCK

1999	High	Low
First Quarter	\$ 55	\$ 48
Second Quarter	\$ 65	\$ 48-3/4
Third Quarter	\$ 62-3/4	\$ 50
Fourth Quarter	\$ 56	\$ 46-11/16

2000	High	Low
First Quarter	\$ 57-15/16	\$ 43-2/16
Second Quarter	\$ 56	\$ 48
Third Quarter	\$ 51-15/16	\$ 43-1/2
Fourth Quarter	\$ 50-1/2	\$ 29-2/16

Capital Stock Information

The Company's Common Stock is listed on the New York Stock Exchange (trading symbol: SEE). The adjacent table sets forth the quarterly high and low sales prices of the Common Stock for 1999 and 2000. No dividends were paid on the Common Stock in either year. The Company does not currently intend to begin paying dividends on its Common Stock. As of March 9, 2001, there were approximately 10,078 holders of record of the Company's Common Stock.

The Company's Series A Convertible Preferred Stock is also listed on the New York Stock Exchange (trading symbol: SEE PrA). The adjacent table sets forth the quarterly high and low sales prices for the Series A Preferred Stock for 1999 and 2000. Quarterly dividends of \$0.50 per share were paid on the Preferred Stock in each year. As of March 9, 2001, there were approximately 8,274 holders of record of the Preferred Stock.

EXHIBIT 21
SUBSIDIARIES OF THE COMPANY

The following table sets forth the name and state or other jurisdiction of incorporation of the Company's subsidiaries. Except as otherwise indicated, each subsidiary is wholly owned, directly or indirectly, by the Company and does business under its corporate name.

C.B. Packaging LLC	Delaware
Creative Packaging Corporation*	Japan
Cryovac Australia Pty. Ltd.	Australia
Cryovac Brazil Ltda.	Brazil
Cryovac Chile Holdings, LLC	Delaware
Cryovac China Holdings I, Inc.	Cayman Islands, BWI
Cryovac Embalagens Ltda.	Brazil
Cryovac Far East Holdings, LLC.	Delaware
Cryovac (Gaoming) Co., Ltd.**	China
Cryovac Holdings, LLC	Delaware
Cryovac Holdings, S.A. de C.V.	Mexico
Cryovac, Inc.	Delaware
Cryovac India Private Limited	India
Cryovac International Holdings, Inc.	Delaware
Cryovac Japan K.K.	Japan
Cryovac (Malaysia) Sdn. Bhd.	Malaysia
Cryovac Packaging Portugal Embalagens, Ltda.	Portugal
Cryovac (Philippines) Inc.	Philippines
Cryovac Poland Holdings, Inc.	Delaware
Cryovac Poland Sp. z.o.o.	Poland
Cryovac Rigid Packaging Pty. Ltd.	Australia
Cryovac (Singapore) Pte. Ltd.	Singapore
Cryovac Systems Hong Kong Limited	Hong Kong
Cryovac (Thailand) Limited	Thailand
Dolphin Packaging (Cheltenham) Limited	England
Dolphin Packaging (Holdings) Limited	England
Dolphin Packaging (Holland) B.V.	Netherlands
Dolphin Packaging Limited	England
Dolphin Packaging Limited	Ireland
Drypac Pty. Ltd.	Australia
Flightprime Limited	England
Invertol S.A. de C.V.	Mexico
Kelder Plastibox B.V.	Netherlands
Noja Inmobiliaria, S.A. de C.V.	Mexico
Omni Supply Inc.**	North Carolina
000 Sealed Air	Russia
Polymask Corporation*	Delaware
Polypride, Inc.	Delaware
Producembal-Producao de Embalagens, Lda	Portugal
Reflectix, Inc.	Delaware
Sealed Air Africa (Pty) Ltd.	South Africa
Sealed Air AG	Switzerland
Sealed Air Argentina S.A.	Argentina
Sealed Air Australia Pty. Limited	Queensland, Australia
Sealed Air Brasil Ltda.	Brazil

Sealed Air Belgium nv	Belgium
Sealed Air B.V.	Netherlands
Sealed Air (Canada) Inc.	Ontario, Canada
Sealed Air Central America, S.A.	Guatemala
Sealed Air Chile Industrial Ltda.	Chile
Sealed Air Colombia Ltda.	Colombia
Sealed Air Corporation (US)	Delaware
Sealed Air de Mexico, S.A. de C.V.	Mexico
Sealed Air Denmark A/S	Denmark
Sealed Air de Venezuela, S.A.	Venezuela
Sealed Air Embalagens Ltda.	Brazil
Sealed Air Finance B.V.	Netherlands
Sealed Air Finance II B.V.	Netherlands
Sealed Air Finance Ireland	Ireland
Sealed Air Foreign Sales Corp.	Barbados
Sealed Air (Gaoming) Packaging Co., Ltd.	China
Sealed Air GmbH	Germany
Sealed Air Hellas S.A.	Greece
Sealed Air Holdings B.V.	Netherlands
Sealed Air Holdings (New Zealand) Limited	New Zealand
Sealed Air (Hong Kong) Limited	Hong Kong
Sealed Air Hungary Ltd.	Hungary
Sealed Air International LLC	England
Sealed Air Ireland Limited	Ireland
Sealed Air (Israel) Ltd.	Israel
Sealed Air Japan Limited	Nevada
Sealed Air Korea Limited	Korea
Sealed Air Limited	England
Sealed Air Limited	Ireland
Sealed Air LLC	Delaware
Sealed Air (Malaysia) Sdn. Bhd.	Malaysia
Sealed Air Multiflex GmbH	Germany
Sealed Air Norge AS	Norway
Sealed Air (New Zealand) Limited	New Zealand
Sealed Air Oy	Finland
Sealed Air Packaging Holdings (Israel) Ltd.	Israel
Sealed Air Packaging Limited	England
Sealed Air Packaging S.A.	France
Sealed Air Packaging, S.A.	Spain
Sealed Air Packaging (Shanghai) Co., Ltd.	China
Sealed Air Packaging Srl	Italy
Sealed Air Peru S.R.L.	Peru
Sealed Air (Philippines) Inc.	Philippines
Sealed Air S.A.S.	France
Sealed Air (Singapore) Pte. Limited	Singapore
Sealed Air S.L.	Spain
Sealed Air Polska Sp. z.o.o.	Poland
Sealed Air Srl	Italy
Sealed Air s.r.o	Czech Republic
Sealed Air Svenska AB	Sweden
Sealed Air Taiwan Limited	Taiwan

Sealed Air (Thailand) Limited	Thailand
Sealed Air Trucking, Inc.	Delaware
Sealed Air Uruguay S.A.	Uruguay
Sealed Air Verpackungen GmbH	Germany
Shanklin Corporation	Delaware
Soinpar Industrial Ltda.	Brazil
Tart s.r.o***	Czech Republic
ZAO Sealed Air Kaustik**	Russia

- - - - -

* The Company directly or indirectly owns 50% of the outstanding shares.

** The Company directly or indirectly owns a majority of the outstanding shares.

*** The Company directly or indirectly owns less than 50% of the outstanding shares.

Certain subsidiaries are omitted from the above table. Such subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2000.

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Sealed Air Corporation:

We consent to incorporation by reference in Registration Statements on Form S-8 (Nos. 333-50603, 333-59197, 333-59195 and 333-42966) of Sealed Air Corporation of our reports dated January 25, 2001, relating to the consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2000, and the related schedule, which reports appear in or are incorporated by reference in this Annual Report on Form 10-K.

/s/ KPMG LLP
KPMG LLP

Short Hills, New Jersey
March 23, 2001