# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended June 30, 2019**

**or**

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

**For the transition period from _____ to _____**

**Commission File Number: 1-12139**

# SEALED AIR CORPORATION

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **65-0654331** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |
| **2415 Cascade Pointe Boulevard** | |
| **Charlotte North Carolina** | **28208** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**Registrant's telephone number, including area code: (980) 221-3235**

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

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---|---|---|
| Common Stock, par value $0.10 per share | SEE | New York Stock Exchange |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

There were 154,526,089 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of July 30, 2019.

**Cautionary Notice Regarding Forward-Looking Statements**

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

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: global economic and political conditions, currency translation and devaluation effects, changes in raw material pricing and availability, competitive conditions, the success of new product offerings, consumer preferences, the effects of animal and food-related health issues, pandemics, changes in energy costs, environmental matters, the success of our restructuring activities, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, changes in our credit ratings, the tax benefit associated with the Settlement agreement (as defined in our Annual Report on Form 10-K for the year ended December 31, 2018), regulatory actions and legal matters, and the other information referenced in Part I, Item 1A, "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC, and as revised and updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

**Non-U.S. GAAP Information**

We present financial information that conforms to Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP"). We also present financial information that does not conform to U.S. GAAP, which we refer to as non-U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. The non-U.S. GAAP information has limitations as an analytical tool and should not be considered in isolation from or as a substitute for U.S. GAAP information. It does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others. Investors are cautioned against placing undue reliance on these non-U.S. GAAP measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures. See Note 6, "Segments," of the Notes to Condensed Consolidated Financial Statements and our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for reconciliations of our U.S. GAAP financial measures to non-U.S. GAAP. Information reconciling forward-looking U.S. GAAP measures to non-U.S. GAAP measures is not available without unreasonable effort.

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

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

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

Adjusted Net Earnings and Adjusted Earnings Per Share ("Adjusted EPS") are also used by the Company to measure total company performance. Adjusted Net Earnings is defined as U.S. GAAP net earnings from continuing operations excluding the impact of Special Items, including the expense or benefit from any Tax Special Items. Adjusted EPS is defined as our Adjusted Net Earnings divided by the number of diluted shares outstanding.

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

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

We have not provided guidance for the most directly comparable U.S. GAAP financial measures, as they are not available without unreasonable effort due to the high variability, complexity, and low visibility with respect to certain Special Items, including gains and losses on the disposition of businesses, the ultimate outcome of certain legal or tax proceedings, foreign currency gains or losses and other unusual gains and losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP.

**SEALED AIR CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

| *(In millions, except share and per share data)* | June 30, 2019 (unaudited) | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 222.2 | $ 271.7 |
| Trade receivables, net of allowance for doubtful accounts of $9.9 in 2019 and $9.1 in 2018 | 485.2 | 473.4 |
| Income tax receivables | 53.4 | 58.4 |
| Other receivables | 91.7 | 81.3 |
| Inventories, net of inventory reserves of $22.2 in 2019 and $18.1 in 2018 | 596.1 | 544.9 |
| Current assets held for sale | 0.6 | 0.6 |
| Prepaid expenses and other current assets | 127.4 | 124.5 |
| Total current assets | 1,576.6 | 1,554.8 |
| Property and equipment, net | 1,050.1 | 1,036.2 |
| Goodwill | 1,957.2 | 1,947.6 |
| Identifiable intangible assets, net | 100.5 | 101.7 |
| Deferred taxes | 175.5 | 170.5 |
| Other non-current assets | 356.6 | 239.4 |
| **Total assets** | **$ 5,216.5** | **$ 5,050.2** |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Short-term borrowings | $ 265.3 | $ 232.8 |
| Current portion of long-term debt | 31.6 | 4.9 |
| Accounts payable | 753.0 | 765.0 |
| Accrued restructuring costs | 52.4 | 33.5 |
| Income tax payable | 24.6 | 23.5 |
| Other current liabilities | 460.5 | 428.9 |
| Total current liabilities | 1,587.4 | 1,488.6 |
| Long-term debt, less current portion | 3,291.7 | 3,236.5 |
| Deferred taxes | 20.6 | 20.4 |
| Other non-current liabilities | 658.0 | 653.3 |
| **Total liabilities** | **5,557.7** | **5,398.8** |
| Commitments and contingencies - Note 18 | | |
| Stockholders' deficit: | | |
| Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2019 and 2018 | — | — |
| Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued: 231,655,982 in 2019 and 231,619,037 in 2018; shares outstanding: 154,546,260 in 2019 and 155,654,370 in 2018 | 23.2 | 23.2 |
| Additional paid-in capital | 2,053.0 | 2,049.6 |
| Retained earnings | 1,876.4 | 1,835.5 |
| Common stock in treasury, 77,109,722 shares in 2019 and 75,964,667 shares in 2018 | (3,382.4) | (3,336.5) |
| Accumulated other comprehensive loss, net of taxes | (911.4) | (920.4) |
| **Total stockholders' deficit** | **(341.2)** | **(348.6)** |
| **Total liabilities and stockholders' deficit** | **$ 5,216.5** | **$ 5,050.2** |

See accompanying Notes to Condensed Consolidated Financial Statements.

**SEALED AIR CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements of Operations**

| *(In millions, except per share data)* | Three Months Ended June 30, (unaudited) | | Six Months Ended June 30, (unaudited) | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Net sales | $ 1,161.0 | $ 1,155.2 | $ 2,273.7 | $ 2,286.2 |
| Cost of sales | 782.7 | 791.7 | 1,530.2 | 1,548.7 |
| Gross profit | 378.3 | 363.5 | 743.5 | 737.5 |
| Selling, general and administrative expenses | 266.2 | 192.8 | 478.3 | 386.8 |
| Amortization expense of intangible assets acquired | 4.4 | 3.4 | 9.0 | 7.3 |
| Restructuring charges | 29.3 | 7.1 | 36.7 | 15.7 |
| Operating profit | 78.4 | 160.2 | 219.5 | 327.7 |
| Interest expense, net | (43.2) | (44.5) | (88.1) | (86.5) |
| Foreign currency exchange loss due to highly inflationary economies | (1.3) | — | (2.1) | — |
| Other income (expense), net | 3.9 | 1.1 | 3.2 | (10.9) |
| Earnings before income tax provision | 37.8 | 116.8 | 132.5 | 230.3 |
| Income tax provision | 12.3 | 33.5 | 42.7 | 355.0 |
| Net earnings (loss) from continuing operations | 25.5 | 83.3 | 89.8 | (124.7) |
| Gain on sale of discontinued operations, net of tax | 7.7 | 31.1 | 0.9 | 38.5 |
| **Net earnings (loss)** | **$ 33.2** | **$ 114.4** | **$ 90.7** | **$ (86.2)** |
| Basic: | | | | |
| Continuing operations | $ 0.16 | $ 0.52 | $ 0.58 | $ (0.77) |
| Discontinued operations | 0.06 | 0.19 | 0.01 | 0.24 |
| **Net earnings (loss) per common share - basic** | **$ 0.22** | **$ 0.71** | **$ 0.59** | **$ (0.53)** |
| Diluted: | | | | |
| Continuing operations | $ 0.16 | $ 0.52 | $ 0.58 | $ (0.77) |
| Discontinued operations | 0.05 | 0.19 | — | 0.24 |
| **Net earnings (loss) per common share - diluted** | **$ 0.21** | **$ 0.71** | **$ 0.58** | **$ (0.53)** |
| **Dividends per common share** | **$ 0.16** | **$ 0.16** | **$ 0.32** | **$ 0.32** |
| Weighted average number of common shares outstanding: | | | | |
| **Basic** | **154.5** | **159.7** | **154.6** | **162.5** |
| **Diluted** | **155.3** | **160.6** | **155.3** | **162.5** |

See accompanying Notes to Condensed Consolidated Financial Statements.

**SEALED AIR CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements of Comprehensive Income (Loss)**

| | Three Months Ended June 30, (unaudited) | | | | | | Six Months Ended June 30, (unaudited) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | | 2019 | | | 2018 | | |
| *(In millions)* | Gross | Taxes | Net | Gross | Taxes | Net | Gross | Taxes | Net | Gross | Taxes | Net |
| Net earnings (loss) | | | **$ 33.2** | | | **$ 114.4** | | | **$ 90.7** | | | **$ (86.2)** |
| Other comprehensive income (loss): | | | | | | | | | | | | |
| Recognition of pension items | $ 1.1 | $ (0.2) | **0.9** | $ 0.7 | $ (0.2) | **0.5** | $ 2.2 | $ (0.5) | **1.7** | $ 1.5 | $ (0.4) | **1.1** |
| Unrealized (losses) gains on derivative instruments for net investment hedge | (6.0) | 1.5 | **(4.5)** | 29.2 | (7.3) | **21.9** | 3.0 | (0.7) | **2.3** | 14.9 | (3.7) | **11.2** |
| Unrealized (losses) gains on derivative instruments for cash flow hedge | (0.1) | 0.1 | — | 2.3 | (0.6) | **1.7** | (1.8) | 0.5 | **(1.3)** | 3.6 | (1.1) | **2.5** |
| Foreign currency translation adjustments | (9.8) | 0.6 | **(9.2)** | (55.5) | (1.6) | **(57.1)** | 6.4 | (0.1) | **6.3** | (28.1) | (0.6) | **(28.7)** |
| Other comprehensive (loss) income | $ (14.8) | $ 2.0 | **(12.8)** | $ (23.3) | $ (9.7) | **(33.0)** | $ 9.8 | $ (0.8) | **9.0** | $ (8.1) | $ (5.8) | **(13.9)** |
| **Comprehensive income (loss), net of taxes** | | | **$ 20.4** | | | **$ 81.4** | | | **$ 99.7** | | | **$ (100.1)** |

See accompanying Notes to Condensed Consolidated Financial Statements.

**SEALED AIR CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements of Stockholders' Deficit**

| *(In millions)* | Common Stock | Additional Paid-in Capital | Retained Earnings | Common Stock in Treasury | Accumulated Other Comprehensive Loss, Net of Taxes | Total Stockholders' Deficit |
|---|---|---|---|---|---|---|
| Balance at March 31, 2019 (unaudited) | $ 23.2 | $ 2,047.8 | $ 1,868.0 | $ (3,332.8) | $ (898.6) | $ (292.4) |
| Effect of share-based incentive compensation | — | 5.2 | — | — | — | 5.2 |
| Repurchases of common stock | — | — | — | (49.6) | — | (49.6) |
| Recognition of pension items, net of taxes | — | — | — | — | 0.9 | 0.9 |
| Foreign currency translation adjustments | — | — | — | — | (9.2) | (9.2) |
| Unrealized loss on derivative instruments, net of taxes | — | — | — | — | (4.5) | (4.5) |
| Net earnings | — | — | 33.2 | — | — | 33.2 |
| Dividends on common stock ($0.16 per share) | — | — | (24.8) | — | — | (24.8) |
| **Balance at June 30, 2019 (unaudited)** | **$ 23.2** | **$ 2,053.0** | **$ 1,876.4** | **$ (3,382.4)** | **$ (911.4)** | **$ (341.2)** |
| | | | | | | |
| Balance at December 31, 2018 | $ 23.2 | $ 2,049.6 | $ 1,835.5 | $ (3,336.5) | $ (920.4) | $ (348.6) |
| Effect of share-based incentive compensation | — | 2.9 | — | — | — | 2.9 |
| Stock issued for profit sharing contribution paid in stock | — | 0.5 | — | 21.4 | — | 21.9 |
| Repurchases of common stock | — | — | — | (67.3) | — | (67.3) |
| Recognition of pension items, net of taxes | — | — | — | — | 1.7 | 1.7 |
| Foreign currency translation adjustments | — | — | — | — | 6.3 | 6.3 |
| Unrealized gain on derivative instruments, net of taxes | — | — | — | — | 1.0 | 1.0 |
| Net earnings | — | — | 90.7 | — | — | 90.7 |
| Dividends on common stock ($0.32 per share) | — | — | (49.8) | — | — | (49.8) |
| **Balance at June 30, 2019 (unaudited)** | **$ 23.2** | **$ 2,053.0** | **$ 1,876.4** | **$ (3,382.4)** | **$ (911.4)** | **$ (341.2)** |
| | | | | | | |
| Balance at March 31, 2018 (unaudited) | $ 23.2 | $ 2,025.8 | $ 1,502.9 | $ (3,090.9) | $ (825.8) | $ (364.8) |
| Effect of share-based incentive compensation | — | 8.5 | — | (0.1) | — | 8.4 |
| Stock issued for profit sharing contribution paid in stock | — | 0.7 | — | 3.1 | — | 3.8 |
| Repurchase of common stock | — | — | — | (77.1) | — | (77.1) |
| Recognition of pension items, net of taxes | — | — | — | — | 0.5 | 0.5 |
| Foreign currency translation adjustments | — | — | — | — | (57.1) | (57.1) |
| Unrealized gain on derivative instruments, net of taxes | — | — | — | — | 23.6 | 23.6 |
| Net earnings | — | — | 114.4 | — | — | 114.4 |
| Dividends on common stock ($0.16 per share) | — | — | (25.8) | — | — | (25.8) |
| Impact of recently adopted accounting standards | — | — | 1.7 | — | — | 1.7 |
| **Balance at June 30, 2018 (unaudited)** | **$ 23.2** | **$ 2,035.0** | **$ 1,593.2** | **$ (3,165.0)** | **$ (858.8)** | **$ (372.4)** |
| | | | | | | |
| Balance at December 31, 2017 | $ 23.0 | $ 1,939.6 | $ 1,735.2 | $ (2,700.6) | $ (844.9) | $ 152.3 |
| Effect of share-based incentive compensation | 0.2 | 14.7 | — | (6.4) | — | 8.5 |
| Stock issued for profit sharing contribution paid in stock | — | 0.7 | — | 23.8 | — | 24.5 |
| Repurchases of common stock | — | 80.0 | — | (481.8) | — | (401.8) |
| Recognition of pension items, net of taxes | — | — | — | — | 1.1 | 1.1 |
| Foreign currency translation adjustments | — | — | — | — | (28.7) | (28.7) |
| Unrealized gain on derivative instruments, net of taxes | — | — | — | — | 13.7 | 13.7 |
| Net loss | — | — | (86.2) | — | — | (86.2) |
| Dividends on common stock ($0.32 per share) | — | — | (52.4) | — | — | (52.4) |
| Impact of recently adopted accounting standards | — | — | (3.4) | — | — | (3.4) |
| **Balance at June 30, 2018 (unaudited)** | **$ 23.2** | **$ 2,035.0** | **$ 1,593.2** | **$ (3,165.0)** | **$ (858.8)** | **$ (372.4)** |

See accompanying Notes to Condensed Consolidated Financial Statements.

**SEALED AIR CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements of Cash Flows**

| | Six Months Ended June 30, (unaudited) | |
|---|---|---|
| ***(In millions)*** | **2019** | **2018** |
| Net earnings (loss) | $ 90.7 | $ (86.2) |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities | | |
| Depreciation and amortization | 66.0 | 65.7 |
| Share-based incentive compensation | 13.2 | 14.6 |
| Profit sharing expense | 10.6 | 10.0 |
| Provisions for bad debt | 1.7 | 1.0 |
| Provisions for inventory obsolescence | 4.1 | — |
| Deferred taxes, net | (5.7) | 50.9 |
| Net gain on sale of business | (0.9) | (39.3) |
| Other non-cash items | 0.7 | 19.0 |
| Changes in operating assets and liabilities: | | |
| Trade receivables, net | (4.2) | (24.2) |
| Inventories, net | (48.2) | (92.6) |
| Accounts payable | (10.4) | 58.7 |
| Income tax receivable/payable | 6.3 | 72.8 |
| Other assets and liabilities | 45.4 | (13.8) |
| **Net cash provided by operating activities** | **$ 169.3** | **$ 36.6** |
| Cash flows from investing activities: | | |
| Capital expenditures | (94.5) | (73.7) |
| (Payments of) Proceeds from, net sale of business and property and equipment | (2.7) | 8.3 |
| Businesses acquired, net of cash acquired | (23.1) | — |
| Investment in cost method investments | — | (7.5) |
| Settlement of foreign currency forward contracts | (4.1) | (5.3) |
| Other investing activities | — | (2.6) |
| **Net cash used in investing activities** | **$ (124.4)** | **$ (80.8)** |
| Cash flows from financing activities: | | |
| Net proceeds from borrowings | 29.4 | 105.7 |
| Payments of debt modification/extinguishment costs | — | (0.4) |
| Dividends paid on common stock | (49.7) | (54.0) |
| Impact of tax withholding on share-based compensation | (10.6) | (6.1) |
| Repurchases of common stock | (67.3) | (407.9) |
| **Net cash used in financing activities** | **$ (98.2)** | **$ (362.7)** |
| **Effect of foreign currency exchange rate changes on cash and cash equivalents** | **$ 3.8** | **$ (7.0)** |
| ***Cash Reconciliation:*** | | |
| Cash and cash equivalents | 271.7 | 594.0 |
| Restricted cash and cash equivalents | — | — |
| **Balance, beginning of period** | **$ 271.7** | **$ 594.0** |
| **Net change during the period** | **(49.5)** | **(413.9)** |
| Cash and cash equivalents | 222.2 | 180.1 |
| Restricted cash and cash equivalents | — | — |
| **Balance, end of period** | **$ 222.2** | **$ 180.1** |
| Supplemental Cash Flow Information: | | |
| Interest payments, net of amounts capitalized | $ 95.6 | $ 95.6 |
| Income tax payments, net of cash refunds | $ 29.4 | $ 97.1 |
| Payments related to the sale of Diversey | $ — | $ 32.5 |
| Restructuring payments including associated costs | $ 49.2 | $ 3.7 |
| | | |
| Non-cash items: | | |
| Transfers of shares of common stock from treasury for 2018 and 2017 profit-sharing contributions | $ 21.9 | $ 23.8 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**Notes to Condensed Consolidated Financial Statements (unaudited)**

**Note 1 Organization and Basis of Presentation**

*Organization*

We are a global leader in food safety and security and product protection. We serve an array of end markets including food and beverage processing, food service, retail and commercial and consumer applications. Our focus is on achieving quality profitable growth and increased earnings power through partnering with our customers to provide innovative, sustainable packaging solutions that solve their most complex packaging problems and create differential value for them. We do so through our iconic brands, differentiated technologies, leading market positions, global scale and market access and well-established customer relationships.

We conduct substantially all of our business through two wholly-owned subsidiaries, Cryovac, LLC and Sealed Air Corporation (US). Throughout this report, when we refer to "Sealed Air," the "Company," "we," "our," or "us," we are referring to Sealed Air Corporation and all of our subsidiaries, except where the context indicates otherwise.

*Basis of Presentation*

Our Condensed Consolidated Financial Statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our Condensed Consolidated Balance Sheets as of June 30, 2019 and our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018 have been made. The results set forth in our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and in our Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year. All amounts are in millions, except per share amounts, and approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, did not have a material impact on our condensed consolidated financial condition, results of operations or cash flows.

Our Condensed Consolidated Financial Statements were prepared in accordance with the interim reporting requirements of the SEC. As permitted under those rules, annual footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted. The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ from these estimates.

We are responsible for the unaudited Condensed Consolidated Financial Statements and notes included in this report. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 ("2018 Form 10-K") and with the information contained in other publicly-available filings with the SEC.

As part of the Company's Reinvent SEE strategy, we have evaluated and made adjustments to our regional operating model. As of January 1, 2019, our Geographic regions are: North America, EMEA, South America and APAC. Our North American operations include Canada, the United States, Mexico and Central America. Mexico and Central America were previously included in Latin America. EMEA consists of Europe, Middle East, Africa and Turkey. APAC refers to our collective Asia Pacific region, including Greater China, India, Southeast Asia, Japan, Korea, Australia and New Zealand.

*Impact of Inflation and Currency Fluctuation*

**Argentina**

Economic and political events in Argentina have continued to expose us to heightened levels of foreign currency exchange risk. As of July 1, 2018, Argentina was designated as a highly inflationary economy under U.S. GAAP, and the U.S. dollar replaced the Argentine peso as the functional currency for our subsidiaries in Argentina. All Argentine peso-denominated monetary assets and liabilities were remeasured into U.S. dollars using the current exchange rate available to us, and any changes in the exchange rate are reflected in net foreign exchange transaction loss, within Foreign currency exchange loss due to highly inflationary economies on the Condensed Consolidated Statements of Operations. For the three and six months ended

June 30, 2019, the Company recognized a $1.3 million and $2.1 million remeasurement pre-tax loss related to Argentina, respectively.

**Note 2 Recently Adopted and Issued Accounting Standards**

***Recently Adopted Accounting Standards***

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842), and issued subsequent amendments to the initial guidance thereafter. This ASU requires an entity to recognize a right-of-use asset (ROU) and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification of the underlying lease as either finance or operating. Similar modifications have been made to lessor accounting in-line with revenue recognition guidance. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard was effective for us on January 1, 2019.

Entities are required to adopt ASC 842 using a modified retrospective transition method. Full retrospective transition is prohibited. The guidance permits an entity to apply the standard's transition provisions at either the beginning of the earliest comparative period presented in the financial statements or the beginning of the period of adoption (i.e., on the effective date). We adopted the new standard on its effective date.

The new standard provides several optional practical expedients in transition. We elected the 'package of practical expedients', which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us.

The new standard also provides practical expedients for an entity's ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We also elected the practical expedient not to separate lease and non-lease components for all of our leases, which means all consideration that is fixed, or in-substance fixed, relating to the non-lease components will be captured as part of our lease components for balance sheet purposes.

As of June 30, 2019, we recognized additional operating lease liabilities of $79.1 million with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments for existing operating leases on our Condensed Consolidated Balance Sheets. See Note 4, "Leases," of the Notes to Condensed Consolidated Financial Statements for additional lease disclosures.

In October 2018, the FASB issued ASU 2018-16, Derivatives and Hedging (Topic 815), Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes. ASU 2018-16 adds the overnight index swap rate based on the Secured Overnight Financing Rate to the list of U.S. benchmark interest rates eligible to be hedged within ASC 815. This ASU names the Secured Overnight Financing Rate as the preferred reference rate alternative to the London Interbank Offered Rate (LIBOR). The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company adopted ASU 2018-16 on January 1, 2019. The adoption did not have an impact on the Company's Condensed Consolidated Financial Results.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. As a result of the U.S. Tax Cuts and Jobs Act ("TCJA"), this ASU was issued to provide entities with the option to reclassify stranded tax effects in accumulated other comprehensive income to retained earnings. The Company elected to early adopt ASU 2018-02 as of October 1, 2018 in which the impact was applied to the period of adoption. As part of the adoption, the Company has elected to reclassify the tax effects of the TCJA from accumulated other comprehensive loss ("AOCL") to retained earnings. The adoption of the ASU 2018-02 resulted in a $13.4 million reclassification from AOCL to retained earnings due to the stranded tax effects of the TCJA which was recorded in the period ended December 31, 2018. The primary AOCL balances which were impacted by the TCJA were unrecognized pension items and unrecognized gains (losses) on derivative instruments.

***Recently Issued Accounting Standards***

In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging and Topic 825, Financial Instruments. ASU 2019-04 provides updates and amendments to previously issued ASUs. The amendments clarify the scope of the credit losses standard and address issues related to accrued interest receivable balances, recoveries, variable interest rates and prepayments. Codification Improvements to Topic 326, Financial Instruments - Credit Losses is effective upon our adoption of ASU 2016-13, which we plan to adopt as of January 1, 2020. The amendment will be included in our overall adoption of ASU 2016-13. The amendments related to Derivatives and Hedging address partial-term fair value hedges and fair value hedge basis adjustments. Codification Improvements to Topic 815, Derivatives and Hedging are effective for us beginning the first annual reporting period beginning after April 25, 2019. Amendments on Topic 825, Financial Instruments mainly address the scope of the guidance, the requirement for remeasurement under ASC 820 when using the measurement alternative, certain disclosure requirements and which equity securities have to be remeasured at historical exchange rates. For amendments related to ASU 2016-01 (Topic 825, Financial Instruments), the effective date is fiscal years and interim period beginning after December 15, 2019, with early adoption permitted. We do not believe that the adoption of ASU 2019-04 will have an impact on the Company's Condensed Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. ASU 2018-15 amends ASC 350-40 and aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service contract with the guidance on capitalizing costs associated with developing or obtaining internal-use software. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period. We are currently in the process of evaluating the effect that ASU 2018-15 will have on the Company's Condensed Consolidated Financial Results.

In August 2018, the FASB issued ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20), Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans. ASU 2018-14 eliminates, adds and clarifies certain disclosure requirements related to defined benefit plans and other postretirement plans. The guidance is effective for fiscal years ending after December 15, 2020, with early adoption permitted for reporting periods for which financial statements have yet to be issued or made available for issuance. We do not believe that the adoption of ASU 2018-14 will have an impact on the Company's Condensed Consolidated Financial Statements with the exception of new and expanded disclosures.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 amends the fair value measurement disclosure requirements of ASC 820, including new, eliminated and modified disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted upon the issuance of this ASU, including interim periods for which financial statements have not yet been issued or made available for issuance. If adopted early, entities are permitted to early adopt the eliminated or modified disclosure requirements and delay the adoption of the new disclosure requirements until their effective date. We do not believe that the adoption of ASU 2018-13 will have an impact on the Company's Condensed Consolidated Financial Statements with the exception of new and expanded disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments and issued subsequent amendments to the initial guidance. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. The ASU also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity’s portfolio. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal periods. Entities may adopt earlier as of the fiscal year beginning after December 15, 2018, including interim periods within those fiscal years. We are currently in the process of implementing this new standard update however we do not anticipate this to have a material impact on the Company's Condensed Consolidated Financial Results with the exception of new and expanded disclosure requirements.

**Note 3 Revenue Recognition, Contracts with Customers**

***Description of Revenue Generating Activities***

We employ sales, marketing and customer service personnel throughout the world who sell and market our products and services to and/or through a large number of distributors, fabricators, converters, e-commerce and mail order fulfillment firms, and contract packaging firms as well as directly to end-users such as food processors, food service businesses, supermarket retailers, pharmaceutical companies, healthcare facilities, medical device manufacturers, and other manufacturers.

As discussed in Note 6, "Segments," of the Notes to Condensed Consolidated Financial Statements, our reporting segments include: Food Care and Product Care. Our Food Care applications are largely sold directly to end customers, while most of our Product Care products are sold through business supply distributors.

*Food Care:*

Food Care largely serves perishable food processors, predominantly in fresh red meat, smoked and processed meats, poultry and dairy (solids and liquids) markets worldwide, and maintains a leading position in its target applications. Food Care provides integrated packaging materials and equipment solutions to provide food safety, shelf life extension, and total cost optimization with innovative, sustainable packaging that enables customers to reduce costs and enhance their brands in the marketplace.

*Product Care:*

Product Care packaging solutions are utilized across many global markets and are especially valuable to e-Commerce, electronics and industrial manufacturing. Product Care solutions are designed to protect valuable goods in shipping, and drive operational excellence for our customers, increasing their order fulfillment velocity while minimizing material usage, dimensional weight and packaging labor requirements. The acquisition of Fagerdala in 2017 and AFP in 2018 enabled us to further expand our protective packaging solutions in electronics, transportation and industrial markets with turnkey, custom-engineered, fabricated solutions.

Product Care benefits from the continued expansion of e-Commerce, increasing freight costs, scarcity of labor, and increasing demand for more sustainable packaging. Product Care solutions are largely sold through supply distributors that sell to business/industrial end-users. Product Care solutions are additionally sold directly to fabricators, original equipment manufacturers, contract manufacturers, third-party logistics partners, e-commerce/fulfillment operations, and at various retail centers. Product Care solutions are marketed under industry-leading brands including Bubble Wrap® packaging, Cryovac® performance shrink films, Instapak® polyurethane foam packaging systems, and Korrvu® suspension and retention packaging.

*Adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*

On January 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and subsequent amendments to the initial guidance, collectively, Topic 606. The Company adopted the new revenue recognition standard using the modified retrospective approach with a cumulative effect adjustment to retained earnings as of the adoption date. The adoption of Topic 606 did not have a significant impact on our condensed consolidated financial statements with the exception of new and expanded disclosures. However, reporting periods prior to Topic 606 adoption may not be comparable due to differences between Topic 606 and the previous accounting guidance.

*Identify Contract with Customer:*

For Sealed Air, the determination of whether an arrangement meets the definition of a contract under Topic 606 depends on whether it creates enforceable rights and obligations. While enforceability is a matter of law, we believe that enforceable rights and obligations in a contract must be substantive in order for the contract to be in scope of Topic 606. That is, the penalty for noncompliance must be significant relative to the minimum obligation. Fixed or minimum purchase obligations with penalties for noncompliance are the most common examples of substantive enforceable rights present in our contracts. We determined that the contract term is the period of enforceability outlined by the terms of the contract. This means that in many cases, the term stated in the contract is different than the period of enforceability. After the minimum purchase obligation is met, subsequent sales are treated as separate contracts on a purchase order by purchase order basis. If no minimum purchase obligation exists, each purchase order represents the contract.

*Performance Obligations:*

The most common goods and services determined to be distinct performance obligations are consumables/materials, equipment sales, and maintenance. Free on loan and leased equipment is typically identified as a separate lease component in scope of Topic 842. The other goods or services promised in the contract with the customer in most cases do not represent performance obligations because they are neither separate nor distinct, or they are not material in the context of the contract.

*Transaction Price and Variable Consideration:*

Sealed Air has many forms of variable consideration present in its contracts with customers, including rebates and other discounts. Sealed Air estimates variable consideration using either the expected value method or the most likely amount method as described in the standard. We include in the transaction price some or all of an amount of variable consideration estimated to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For all contracts that contain a form of variable consideration, Sealed Air estimates at contract inception, and periodically throughout the term of the contract, what volume of goods and/or services the customer will purchase in a given period and determines how much consideration is payable to the customer or how much consideration Sealed Air would be able to recover from the customer based on the structure of the type of variable consideration. In most cases the variable consideration in contracts with customers results in amounts payable to the customer by Sealed Air. Sealed Air adjusts the contract transaction price based on any changes in estimates each reporting period and performs an inception to date cumulative adjustment to the amount of revenue previously recognized. When the contract with a customer contains a minimum purchase obligation, Sealed Air only has enforceable rights to the amount of consideration promised in the minimum purchase obligation through the enforceable term of the contract. This amount of consideration, plus any variable consideration, makes up the transaction price for the contract.

Charges for rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the associated revenue is recorded. When we estimate our rebate accruals, we consider customer-specific contractual commitments including stated rebate rates and history of actual rebates paid. Our rebate accruals are reviewed at each reporting period and adjusted to reflect data available at that time. We adjust the accruals to reflect any differences between estimated and actual amounts. These adjustments of transaction price impact the amount of net sales recognized by us in the period of adjustment. Revenue recognized in the three and six months ended June 30, 2019 from performance obligations satisfied in previous reporting periods was $0.7 million and $1.8 million, respectively, and $1.6 million and $3.3 million in the three and six months ended June 30, 2018, respectively.

The Company does not adjust consideration in contracts with customers for the effects of a significant financing component if the Company expects that the period between transfer of a good or service and payment for that good or service will be one year or less. This is expected to be the case for the majority of contracts.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales on the Condensed Consolidated Statements of Operations.

*Allocation of Transaction Price:*

Sealed Air determines the standalone selling price for a performance obligation by first looking for observable selling prices of that performance obligation sold on a standalone basis. If an observable price is not available, we estimate the standalone selling price of the performance obligation using one of the three suggested methods in the following order of preference: adjusted market assessment approach, expected cost plus a margin approach, and residual approach.

Sealed Air often offers rebates to customers in their contracts that are related to the amount of consumables purchased. We believe that this form of variable consideration should only be allocated to consumables because the entire amount of variable consideration relates to the customer's purchase of and Sealed Air's efforts to provide consumables. Additionally, Sealed Air has many contracts that have pricing tied to third-party indices. We believe that variability from index-based pricing should be allocated specifically to consumables because the pricing formulas in these contracts are related to the cost to produce consumables.

*Transfer of Control:*

Revenue is recognized upon transfer of control to the customer. Revenue for consumables and equipment sales is recognized based on shipping terms, which is the point in time the customer obtains control of the promised goods. Maintenance revenue is recognized straight-line on the basis that the level of effort is consistent over the term of the contract. Lease components within contracts with customers are recognized in accordance with Topic 842.

***Disaggregated Revenue***

For the three and six months ended June 30, 2019 and 2018, revenues from contracts with customers summarized by Segment and Geographic region were as follows:

| | Three Months Ended June 30, 2019 | | |
|---|---|---|---|
| *(In millions)* | **Food Care** | **Product Care** | **Total** |
| North America | $ 401.1 | $ 282.9 | $ 684.0 |
| EMEA | 155.6 | 89.2 | 244.8 |
| South America | 52.3 | 3.8 | 56.1 |
| APAC | 96.5 | 72.5 | 169.0 |
| **Topic 606 Revenue** | **705.5** | **448.4** | **1,153.9** |
| Non-Topic 606 Revenue (Leasing: Sales-type and Operating) | 5.5 | 1.6 | 7.1 |
| **Total** | **$ 711.0** | **$ 450.0** | **$ 1,161.0** |

| | Six Months Ended June 30, 2019 | | |
|---|---|---|---|
| *(In millions)* | **Food Care** | **Product Care** | **Total** |
| North America | $ 783.9 | $ 548.7 | $ 1,332.6 |
| EMEA | 296.7 | 183.0 | 479.7 |
| South America | 102.9 | 7.9 | 110.8 |
| APAC | 198.7 | 139.8 | 338.5 |
| **Topic 606 Revenue** | **1,382.2** | **879.4** | **2,261.6** |
| Non-Topic 606 Revenue (Leasing: Sales-type and Operating) | 8.8 | 3.3 | 12.1 |
| **Total** | **$ 1,391.0** | **$ 882.7** | **$ 2,273.7** |

| | Three Months Ended June 30, 2018 | | |
|---|---|---|---|
| *(In millions)*[(1)] | **Food Care** | **Product Care** | **Total** |
| North America | $ 390.6 | $ 265.2 | $ 655.8 |
| EMEA | 164.4 | 96.8 | 261.2 |
| South America | 50.7 | 4.5 | 55.2 |
| APAC | 102.2 | 73.4 | 175.6 |
| **Topic 606 Revenue** | **707.9** | **439.9** | **1,147.8** |
| Non-Topic 606 Revenue (Leasing: Sales-type and Operating) | 5.1 | 2.3 | 7.4 |
| **Total** | **$ 713.0** | **$ 442.2** | **$ 1,155.2** |

| *(In millions)*[1] | Six Months Ended June 30, 2018 | | |
|---|---|---|---|
| | Food Care | Product Care | Total |
| North America | $ 768.6 | $ 522.0 | $ 1,290.6 |
| EMEA | 320.0 | 198.0 | 518.0 |
| South America | 104.8 | 9.3 | 114.1 |
| APAC | 205.9 | 143.3 | 349.2 |
| **Topic 606 Revenue** | **1,399.3** | **872.6** | **2,271.9** |
| Non-Topic 606 Revenue (Leasing: Sales-type and Operating) | 10.0 | 4.3 | 14.3 |
| **Total** | **$ 1,409.3** | **$ 876.9** | **$ 2,286.2** |

(1) Amounts by geography has been reclassified from prior year disclosure to reflect adjustments to our regional operating model. As of January 1, 2019, our geographic regions are: North America, EMEA, South America and APAC. Our North American operations include Canada, the United States, Mexico and Central America. Mexico and Central America were previously included in Latin America.

***Contract Balances***

The time between when a performance obligation is satisfied and when billing and payment occur is closely aligned, with the exception of equipment accruals. An equipment accrual is a contract offering, whereby a customer is incentivized to use a portion of the consumables transaction price for future equipment purchases. Long-term contracts that include an equipment accrual create a timing difference between when cash is collected and the performance obligation is satisfied, resulting in a contract liability (unearned revenue). The closing balances of contract liabilities arising from contracts with customers as of June 30, 2019 and December 31, 2018 were as follows:

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Contract assets | $ — | $ — |
| Contract liabilities | 11.7 | 10.4 |

Revenue recognized in the three and six months ended June 30, 2019 that was included in the contract liability balance at the beginning of the period was $0.9 million and $1.7 million, respectively, and $2.3 million and $3.0 million in the three and six months ended June 30, 2018, respectively. This revenue was driven primarily by equipment performance obligations being satisfied.

The contract liability balance represents deferred revenue, primarily related to equipment accruals. The increase in 2019 and 2018 to deferred revenue was driven by new contracts recently entered into and volume on existing agreements.

***Remaining Performance Obligations***

Our enforceable contractual obligations tend to be short term in nature, and the following table does not include the transaction price of any remaining performance obligations that are part of the contracts with expected durations of less than one year. Additionally, the following table summarizes the estimated transaction price from contracts with customers allocated to performance obligations or portions of performance obligations that have not yet been satisfied as of June 30, 2019, as well as the expected timing of recognition of that transaction price.

| *(In millions)* | Short-Term (12 months or less) | Long-Term | Total |
|---|---|---|---|
| Total transaction price | $ 5.3 | $ 6.4 | $ 11.7 |

***Assets recognized for the costs to obtain or fulfill a contract***

The Company recognizes incremental costs to fulfill a contract as an asset if such incremental costs are expected to be recovered, relate directly to a contract or anticipated contract, and generate or enhance resources that will be used to satisfy performance obligations in the future.

The Company recognizes incremental costs to obtain a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less. For example, the Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Costs for shipping and handling activities performed after a customer obtains control of a good are accounted for as costs to fulfill a contract and are included in cost of goods sold.

**Note 4 Leases**

***Lessor***

Sealed Air has contractual obligations as a lessor with respect to free on loan equipment and leased equipment, both sales-type and operating. The consideration in a contract that contains both lease and non-lease components is allocated based on the standalone selling price.

Our contractual obligations for operating leases can include termination and renewal options. Our contractual obligations for sales-type leases tend to have fixed terms and can include purchase options. We utilize the reasonably certain threshold criteria in determining which options our customers will exercise.

All lease payments are primarily fixed in nature and therefore captured in the lease receivable. Our lease receivable balance at June 30, 2019 was:

| *(in millions)* | Short-Term (12 months or less) | Long-Term | Total |
|---|---|---|---|
| Total lease receivable (Sales-type and Operating) | $ 3.7 | $ 9.1 | $ 12.8 |

***Lessee***

Sealed Air has contractual obligations as a lessee with respect to warehouses, offices, and manufacturing facilities, IT equipment, automobiles, and material production equipment.

Under the leasing standard, ASU 2016-02, leases that are more than one year in duration are capitalized and recorded on the balance sheet. Some of our leases, namely for automobiles and real estate, offer an option to extend the term of such leases. We utilize the reasonably certain threshold criteria in determining which options we will exercise. Furthermore, some of our lease payments are based on index rates with minimum annual increases. These represent fixed payments and are captured in the future minimum lease payments calculation.

In determining the discount rate to use in calculating the present value of lease payments, we estimate the rate of interest we would pay on a collateralized loan with the same payment terms as the lease by utilizing our bond yields traded in the secondary market to determine the estimated cost of funds for the particular tenor. We update our assumptions and discount rates on a quarterly basis.

The standard also provides practical expedients for an entity's transition and ongoing accounting. In terms of transition accounting, we elected the 'package of practical expedients', which permits us to not reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We did not elect the use-of hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us.

In terms of ongoing accounting, we have elected to use the short-term lease recognition exemption for all asset classes. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets. We have also elected the practical expedient to not separate lease and non-lease components for all asset classes, meaning all consideration that is fixed, or in-substance fixed, will be captured as part of our lease components for balance sheet purposes. Furthermore, all variable payments included in lease agreements will be disclosed as variable lease expense when incurred. Generally, variable lease payments are based on usage and common area maintenance. These payments will be included as variable lease expense when recognized.

The following table details our lease obligations included in our Condensed Consolidated Balance Sheets.

| *(in millions)* | June 30, 2019 |
|---|---|
| Other non-current assets: | |
| Finance leases - ROU assets | $ 44.5 |
| Finance leases - Accumulated depreciation | (11.5) |
| Operating leases - ROU assets | 90.8 |
| Operating leases - Accumulated depreciation | (13.9) |
| **Total lease assets** | **$ 109.9** |
| Current portion of long-term debt: | |
| Finance leases | $ (7.9) |
| Operating leases | (23.7) |
| Long-term debt, less current portion: | |
| Finance leases | (27.3) |
| Operating leases | (55.4) |
| **Total lease liabilities** | **$ (114.3)** |

At June 30, 2019, estimated future minimum annual rental commitments under non-cancelable real and personal property leases were as follows:

| *(in millions)* | Operating leases | Finance leases |
|---|---|---|
| Remainder of 2019 | $ 16.1 | $ 5.0 |
| 2020 | 26.0 | 9.0 |
| 2021 | 18.8 | 7.4 |
| 2022 | 11.5 | 4.4 |
| 2023 | 7.3 | 2.7 |
| Thereafter | 17.0 | 15.1 |
| Total lease payments | 96.7 | 43.6 |
| Less: Interest | (17.6) | (8.4) |
| **Present value of lease liabilities** | **$ 79.1** | **$ 35.2** |

The following lease cost is included in our Condensed Consolidated Statements of Operations:

| *(in millions)* | Three Months Ended June 30, 2019 | Six Months Ended June 30, 2019 |
|---|---|---|
| **Lease cost** | | |
| Finance leases | | |
| Amortization of ROU assets | $ 2.0 | $ 4.1 |
| Interest on lease liabilities | 0.5 | 1.0 |
| Operating leases | 7.9 | 16.3 |
| Short-term lease cost | 1.0 | 1.9 |
| Variable lease cost | 2.1 | 3.1 |
| **Total lease cost** | **$ 13.5** | **$ 26.4** |

| *(in millions)* | | Six Months Ended June 30, 2019 |
|---|---|---|
| **Other information:** | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from finance leases | $ | 2.0 |
| Operating cash flows from operating leases | $ | 17.3 |
| Financing cash flows from finance leases | $ | 3.7 |
| | | |
| ROU assets obtained in exchange for new finance lease liabilities | $ | 9.0 |
| ROU assets obtained in exchange for new operating lease liabilities | $ | 4.9 |
| **Weighted average information:** | | |
| **Finance leases** | | |
| Remaining lease term (in years) | | 7.3 |
| Discount rate | | 5.4% |
| **Operating leases** | | |
| Remaining lease term (in years) | | 5.0 |
| Discount rate | | 5.5% |

**Note 5 Divestitures and Acquisitions**

***Divestitures***

*Embalagens Ltda.*

On August 1, 2017, we entered into an agreement to sell our polystyrene food tray business in Guarulhos, Brazil for a gross purchase price of R$26.9 million (or $8.2 million as of the closing date of March 19, 2018). The purchase price was subject to working capital, cash and debt adjustments, which were finalized in the fourth quarter of 2018 for R$1.6 million (or $0.4 million). For the three and six months ended June 30, 2018, the Company recognized an immaterial net loss and a net gain on the sale of $1.0 million, respectively, within other income (expense), net on the Condensed Consolidated Statements of Operations.

***Acquisitions***

*Automated Packaging Systems, Inc.*

On May 1, 2019, the Company announced it signed a definitive agreement to acquire Automated Packaging Systems, Inc. (APS), a leading manufacturer of high-reliability, automated bagging systems, for $510.0 million, net of cash acquired and debt assumed. Approximately $60 million of the $510 million purchase price will be paid to APS's European employees in accordance with a deferred incentive compensation plan.

The transaction closed on August 1, 2019.

*Other Activity*

During the second quarter of 2019, Food Care had acquisition activity resulting in a total purchase price paid of $23.4 million. The Company allocated the consideration transferred to the fair value of assets acquired and liabilities assumed, resulting in an allocation to goodwill of $6.0 million for the acquisition activity. Identifiable intangible assets acquired were not material.

*AFP, Inc.*

On August 1, 2018, the Company acquired AFP, Inc., a leading, privately held fabricator of foam, corrugated, molded pulp and wood packaging solutions, to join its Product Care division. This acquisition further expands our protective packaging

solutions in the electronics, transportation and industrial markets with custom-engineered applications. We acquired 100% of AFP shares for an estimated consideration of $74.1 million, excluding cash acquired of $3.3 million.

The following table summarizes the consideration transferred to acquire AFP and the preliminary allocation of the purchase price among the assets acquired and liabilities assumed.

| *(In millions)* | Preliminary Allocation As of August 1, 2018 | Measurement Period Adjustments | Revised Preliminary Allocation As of June 30, 2019 |
|---|---|---|---|
| Total consideration transferred | $ 70.8 | $ 3.3 | $ 74.1 |
| | | | |
| Assets: | | | |
| Cash and cash equivalents | 2.9 | 0.4 | 3.3 |
| Trade receivables, net | 30.8 | — | 30.8 |
| Inventories, net | 7.1 | — | 7.1 |
| Prepaid expenses and other current assets | 0.7 | — | 0.7 |
| Property and equipment, net | 3.5 | (0.4) | 3.1 |
| Identifiable intangible assets, net | 18.6 | 0.7 | 19.3 |
| Goodwill | 21.6 | 1.1 | 22.7 |
| Other non-current assets | 0.7 | (0.4) | 0.3 |
| **Total assets** | **$ 85.9** | **$ 1.4** | **$ 87.3** |
| Liabilities: | | | |
| Current portion of long-term debt | — | 0.1 | 0.1 |
| Accounts payable | 13.8 | (2.2) | 11.6 |
| Other current liabilities | 1.3 | — | 1.3 |
| Long-term debt, less current portion | — | 0.2 | 0.2 |
| **Total liabilities** | **$ 15.1** | **$ (1.9)** | **$ 13.2** |

The following tables summarizes the identifiable intangible assets, net and their useful life.

| | Amount *(in millions)* | Useful life *(in years)* |
|---|---|---|
| Customer relationships | $ 14.9 | 11 |
| Trademarks and tradenames | 4.4 | 5 |
| **Total intangible assets with definite lives** | **$ 19.3** | |

**Note 6 Segments**

The Company's segment reporting structure consists of two reportable segments and a Corporate category as follows:

- Food Care; and
- Product Care.

The Company's Food Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products and management team. Corporate includes certain costs that are not allocated to the reportable segments, primarily consisting of unallocated corporate overhead costs, including administrative functions and cost recovery variances not allocated to the reportable segments from global functional expenses. The Company evaluates performance of the reportable segments based on the results of each segment. The Company allocates expense to each segment based on various factors including direct usage of resources, allocation of headcount, allocation of software licenses or, in cases where costs are not clearly delineated, costs may be allocated on portion of either net trade sales or an expense factor such as cost of goods sold.

We allocate and disclose depreciation and amortization expense to our segments, although depreciation and amortization are not included in the segment performance metric Adjusted EBITDA. We also allocate and disclose restructuring charges and impairment of goodwill and other intangible assets by segment, although they are not included in the segment performance metric Adjusted EBITDA since restructuring charges and impairment of goodwill and other intangible assets are categorized as Special Items. The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements. Refer to "Non-U.S. GAAP Information" for additional details on the use and calculation of our non-U.S. GAAP measures presented below.

The following tables show Net Sales and Adjusted EBITDA by reportable segment:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | **2019** | **2018** | **2019** | **2018** |
| **Net Sales:** | | | | |
| Food Care | $ 711.0 | $ 713.0 | $ 1,391.0 | $ 1,409.3 |
| *As a % of Total Company net sales* | *61.2%* | *61.7%* | *61.2%* | *61.6%* |
| Product Care | 450.0 | 442.2 | 882.7 | 876.9 |
| *As a % of Total Company net sales* | *38.8%* | *38.3%* | *38.8%* | *38.4%* |
| **Total Company Net Sales** | **$ 1,161.0** | **$ 1,155.2** | **$ 2,273.7** | **$ 2,286.2** |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | **2019** | **2018** | **2019** | **2018** |
| **Non-U.S. GAAP Adjusted EBITDA from continuing operations** | | | | |
| Food Care | $ 155.6 | $ 135.4 | $ 298.5 | $ 270.1 |
| *Adjusted EBITDA Margin* | *21.9%* | *19.0%* | *21.5%* | *19.2%* |
| Product Care | 84.0 | 78.5 | 159.0 | 156.9 |
| *Adjusted EBITDA Margin* | *18.7%* | *17.8%* | *18.0%* | *17.9%* |
| Corporate | (2.9) | 3.6 | (5.0) | (4.7) |
| **Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations** | **$ 236.7** | **$ 217.5** | **$ 452.5** | **$ 422.3** |
| *Adjusted EBITDA Margin* | *20.4%* | *18.8%* | *19.9%* | *18.5%* |

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

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Net earnings (loss) from continuing operations** | **$ 25.5** | **$ 83.3** | **$ 89.8** | **$ (124.7)** |
| Interest expense, net | 43.2 | 44.5 | 88.1 | 86.5 |
| Income tax provision | 12.3 | 33.5 | 42.7 | 355.0 |
| Depreciation and amortization, net of adjustments[1] | 38.0 | 40.7 | 78.2 | 80.9 |
| *Special Items:* | | | | |
| Restructuring charges[2] | 29.3 | 7.1 | 36.7 | 15.7 |
| Other restructuring associated costs[3] | 21.3 | (0.4) | 38.0 | 1.8 |
| Foreign currency exchange loss due to highly inflationary economies | 1.3 | — | 2.1 | — |
| Charges related to the Novipax settlement agreement | 59.0 | — | 59.0 | — |
| (Income) charges related to acquisition and divestiture activity | (0.5) | 7.0 | 3.2 | 17.8 |
| Loss (gain) from class-action litigation settlement | — | 0.1 | — | (12.6) |
| Other Special Items[4] | 7.3 | 1.7 | 14.7 | 1.9 |
| Pre-tax impact of Special Items | 117.7 | 15.5 | 153.7 | 24.6 |
| **Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations** | **$ 236.7** | **$ 217.5** | **$ 452.5** | **$ 422.3** |

(1) Depreciation and amortization by segment were as follows:

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Food Care | $ 25.0 | $ 27.2 | $ 51.2 | $ 54.1 |
| Product Care | 13.1 | 13.6 | 28.0 | 27.1 |
| **Total Company depreciation and amortization[i]** | **38.1** | **40.8** | **79.2** | **81.2** |
| Depreciation and amortization adjustments | (0.1) | (0.1) | (1.0) | (0.3) |
| **Depreciation and amortization, net of adjustments** | **$ 38.0** | **$ 40.7** | **$ 78.2** | **$ 80.9** |

(i) Includes share-based incentive compensation of $4.8 million and $13.2 million for the three and six months ended June 30, 2019, respectively, and $7.7 million and $15.3 million for the three and six months ended June 30, 2018, respectively.

(2) Restructuring charges by segment were as follows:

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Food Care | $ 18.6 | $ 1.5 | $ 22.4 | $ 6.1 |
| Product Care | 10.7 | 5.6 | 14.3 | 9.6 |
| **Total Company restructuring charges** | **$ 29.3** | **$ 7.1** | **$ 36.7** | **$ 15.7** |

(3) Other restructuring associated costs for three and six months ended June 30, 2019, primarily relate to fees paid to third-party consultants in support of Reinvent SEE and costs related to property consolidations resulting from Reinvent SEE.

(4) Other Special Items for the three and six months ended June 30, 2019, primarily included fees related to professional services.

***Assets by Reportable Segments***

The following table shows assets allocated by reportable segment. Assets allocated by reportable segment include: trade receivables, net; inventory, net; property and equipment, net; goodwill; intangible assets, net; and leased systems, net.

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| *Assets allocated to segments:*[1] | | |
| Food Care | $ 2,012.1 | $ 1,914.4 |
| Product Care | 2,260.9 | 2,273.8 |
| **Total segments** | **4,273.0** | **4,188.2** |
| *Assets not allocated:* | | |
| Cash and cash equivalents | $ 222.2 | $ 271.7 |
| Assets held for sale | 0.6 | 0.6 |
| Income tax receivables | 53.4 | 58.4 |
| Other receivables | 91.7 | 81.3 |
| Deferred taxes | 175.5 | 170.5 |
| Other | 400.1 | 279.5 |
| **Total** | **$ 5,216.5** | **$ 5,050.2** |

(1) Beginning in 2018, the Company implemented a change in allocation of Corporate expenses, which are now allocated to Food Care and Product Care segments. At that time, the Company revised the method of allocation for some assets including property and equipment, net and goodwill, which were previously unallocated.

The assets allocated to segments as of December 31, 2018 have been revised to correct an error in the previous allocation of property and equipment, net starting in the first quarter 2018. Assets allocated to Food Care were understated by $372.9 million with an offset to Product Care of $369.6 million and $3.3 million to assets not allocated. There is no impact to the financial statements to total identifiable assets at December 31, 2018. This error did not impact the Company's annual assessment of goodwill impairment or any other impairment considerations of long-lived assets.

**Note 7 Inventories, net**

The following table details our inventories, net:

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Raw materials | $ 93.2 | $ 79.9 |
| Work in process | 150.6 | 142.4 |
| Finished goods | 352.3 | 322.6 |
| **Total** | **$ 596.1** | **$ 544.9** |

**Note 8 Property and Equipment, net**

The following table details our property and equipment, net:

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Land and improvements | $ 42.3 | $ 41.2 |
| Buildings | 729.6 | 728.6 |
| Machinery and equipment | 2,379.2 | 2,325.7 |
| Other property and equipment | 124.7 | 135.6 |
| Construction-in-progress | 153.3 | 155.1 |
| Property and equipment, gross | 3,429.1 | 3,386.2 |
| Accumulated depreciation and amortization | (2,379.0) | (2,350.0) |
| **Property and equipment, net**[1] | **$ 1,050.1** | **$ 1,036.2** |

(1) Upon adoption of ASU 2016-02, $28.3 million of assets that were included in property and equipment, net as of December 31, 2018 were reclassified to other non-current assets on our Condensed Consolidated Balance Sheets. These assets were related to capital leases, primarily for warehouse, office and small manufacturing facilities, IT equipment and automobiles, which are now ROU assets. Refer to Note 4, "Leases," of the Notes to Condensed Consolidated Financial Statements for additional information on our ROU assets.

The following table details our interest cost capitalized and depreciation and amortization expense for property and equipment.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Interest cost capitalized | $ 2.1 | $ 1.5 | $ 3.9 | $ 3.7 |
| Depreciation and amortization expense for property and equipment | $ 28.8 | $ 29.7 | $ 57.0 | $ 58.6 |

**Note 9 Goodwill and Identifiable Intangible Assets, net**

***Goodwill***

The following table shows our goodwill balances by reportable segment. We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. As of June 30, 2019, we did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable.

| *(In millions)* | Food Care | Product Care | Total |
|---|---|---|---|
| Gross Carrying Value at December 31, 2018 | $ 568.9 | $ 1,568.9 | $ 2,137.8 |
| Accumulated impairment(1) | (49.2) | (141.0) | (190.2) |
| **Carrying Value at December 31, 2018** | **$ 519.7** | **$ 1,427.9** | **$ 1,947.6** |
| Acquisition, purchase price and other adjustments | 6.0 | 3.1 | 9.1 |
| Currency translation | 0.1 | 0.4 | 0.5 |
| **Carrying Value at June 30, 2019** | **$ 525.8** | **$ 1,431.4** | **$ 1,957.2** |

(1) There has been no change to our accumulated impairment balance as of June 30, 2019.

***Identifiable Intangible Assets, net***

The following tables summarize our identifiable intangible assets, net. As of June 30, 2019, there were no impairment indicators present.

| | June 30, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Gross Carrying Value | Accumulated Amortization | Net | Gross Carrying Value | Accumulated Amortization | Net |
| Customer relationships | $ 69.8 | $ (24.0) | $ 45.8 | $ 72.4 | $ (22.3) | $ 50.1 |
| Trademarks and tradenames | 15.6 | (2.5) | 13.1 | 15.1 | (1.6) | 13.5 |
| Capitalized software | 72.0 | (55.1) | 16.9 | 62.2 | (49.8) | 12.4 |
| Technology | 37.3 | (24.4) | 12.9 | 37.2 | (23.5) | 13.7 |
| Contracts | 13.2 | (10.3) | 2.9 | 13.2 | (10.1) | 3.1 |
| **Total intangible assets with definite lives** | **207.9** | **(116.3)** | **91.6** | **200.1** | **(107.3)** | **92.8** |
| Trademarks and tradenames with indefinite lives | 8.9 | — | 8.9 | 8.9 | — | 8.9 |
| **Total identifiable intangible assets, net** | **$ 216.8** | **$ (116.3)** | **$ 100.5** | **$ 209.0** | **$ (107.3)** | **$ 101.7** |

The following table shows the remaining estimated future amortization expense at June 30, 2019.

| Year | Amount *(in millions)* |
|---|---|
| Remainder of 2019 | $ 7.9 |
| 2020 | 15.0 |
| 2021 | 11.7 |
| 2022 | 7.9 |
| Thereafter | 49.1 |
| **Total** | **$ 91.6** |

**Note 10 Accounts Receivable Securitization Programs**

***U.S. Accounts Receivable Securitization Program***

We and a group of our U.S. operating subsidiaries maintain an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to an indirectly wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables with two banks and issuers of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and issuers of commercial paper administered by these banks are considered secured borrowings with pledge of collateral and will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. These banks do not have any recourse against the general credit of the Company. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

As of June 30, 2019, the maximum purchase limit for receivable interests was $60.0 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $60.0 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. As of June 30, 2019, the amount available under the program was $57.4 million. Although we do not believe restrictions under this program presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available to us under the program or termination of the program.

The program expires annually in August and is renewable.

***European Accounts Receivable Securitization Program***

We and a group of our European subsidiaries maintain an accounts receivable securitization program with a special purpose vehicle, or SPV, two banks and issuers of commercial paper administered by these banks. The European program is structured to be a securitization of certain trade receivables that are originated by certain of our European subsidiaries. The SPV borrows funds from the banks to fund its acquisition of the receivables and provides the banks with a first priority perfected security interest in the accounts receivable. We do not have an equity interest in the SPV. We concluded the SPV is a variable interest entity because its total equity investment at risk is not sufficient to permit the SPV to finance its activities without additional subordinated financial support from the bank via loans or via the collections from accounts receivable already purchased. Additionally, we are considered the primary beneficiary of the SPV since we control the activities of the SPV, and are exposed to the risk of uncollectable receivables held by the SPV. Therefore, the SPV is consolidated in our Condensed Consolidated Financial Statements. Any activity between the participating subsidiaries and the SPV is eliminated in consolidation. Loans from the banks to the SPV will be classified as short-term borrowings on our Condensed Consolidated Balance Sheets. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

As of June 30, 2019, the maximum purchase limit for receivable interests was €80.0 million ($91.0 million equivalent at June 30, 2019), subject to availability limits. The terms and provisions of this program are similar to our U.S. program discussed above. As of June 30, 2019, the amount available under this program before utilization was €70.0 million ($79.6 million equivalent as of June 30, 2019).

This program expires annually in August and is renewable.

***Utilization of Our Accounts Receivable Securitization Programs***

As of June 30, 2019, there were no amounts borrowed under our U.S. program and €69.0 million ($78.5 million equivalent at June 30, 2019) borrowed under our European program. As of December 31, 2018, there were no amounts borrowed under our U.S. program and €73.3 million ($83.9 million equivalent at December 31, 2018) borrowed under our European program. We continue to service the trade receivables supporting the programs, and the banks are permitted to re-pledge this collateral. The total interest paid for these programs was approximately $0.2 million and $0.4 million for the three and six months ended June 30, 2019 and approximately $0.2 million for the three and six months ended June 30, 2018.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above expiration dates. A failure to comply with debt leverage or various other ratios related to our receivables collection experience could result in termination of the receivables programs. We were in compliance with these ratios at June 30, 2019.

**Note 11 Accounts Receivable Factoring Agreements**

The Company has entered into factoring agreements and customers' supply chain financing arrangements, to sell certain receivables to unrelated third-party financial institutions. These programs are entered into in the normal course of business. We account for these transactions in accordance with ASC 860, "Transfers and Servicing" ("ASC 860"). ASC 860 allows for the ownership transfer of accounts receivable to qualify for sale treatment when the appropriate criteria is met, which permits the Company to present the balances sold under the program to be excluded from Accounts receivable, net on the Condensed Consolidated Balance Sheets. Receivables are considered sold when (i) they are transferred beyond the reach of the Company and its creditors, (ii) the purchaser has the right to pledge or exchange the receivables, and (iii) the Company has no continuing involvement in the transferred receivables. In addition, the Company provides no other forms of continued financial support to the purchaser of the receivables once the receivables are sold.

Gross amounts factored under this program for the six months ended June 30, 2019 and the twelve months ended December 31, 2018 were $157.4 million and $249.8 million, respectively. The fees associated with transfer of receivables for all programs were approximately $0.8 million and $1.3 million for the three and six months ended June 30, 2019, respectively and approximately $0.5 million and $1 million for the three and six months ended June 30, 2018, respectively.

**Note 12 Restructuring Activities**

For the three and six months ended June 30, 2019, the Company incurred $29.3 million and $36.7 million, respectively, of restructuring charges and $21.3 million and $38.0 million, respectively, of other related costs. These were primarily a result of restructuring costs associated with the Company's Reinvent SEE strategy.

Our Restructuring Program consists of previously existing restructuring programs and the new three-year restructuring program which is part of our Reinvent SEE strategy. The Company expects restructuring activities to be completed by the end of 2021.

The Board of Directors has approved cumulative restructuring spend of $840 to $885 million. Restructuring spend is estimated to be incurred as follows:

| *(in millions)* | Total Restructuring Program Range | | Less Cumulative Spend to Date | Remaining Restructuring Spend[2] | |
|---|---|---|---|---|---|
| | *Low* | *High* | | *Low* | *High* |
| Costs of reduction in headcount as a result of reorganization | $ 355 | $ 370 | $ (322) | $ 33 | $ 48 |
| Other expenses associated with the Program | 230 | 245 | (174) | 56 | 71 |
| **Total expense** | **585** | **615** | **(496)** | **89** | **119** |
| Capital expenditures | 255 | 270 | (238) | 17 | 32 |
| **Total estimated cash cost[1]** | **$ 840** | **$ 885** | **$ (734)** | **$ 106** | **$ 151** |

(1) Total estimated cash cost excludes the impact of foreign currency and non-cash depreciation and amortization charges.
(2) Remaining restructuring spend primarily consists of restructuring costs associated with the Company's Reinvent SEE strategy, and the completion of our efforts to eliminate stranded costs.

The following table details our restructuring activities reflected in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Other associated costs | $ 21.3 | $ 0.4 | $ 38.0 | $ 2.6 |
| Restructuring charges | 29.3 | 7.1 | 36.7 | 15.7 |
| **Total charges** | **$ 50.6** | **$ 7.5** | **$ 74.7** | **$ 18.3** |
| Capital expenditures | $ 1.8 | $ 0.3 | $ 2.3 | $ 0.5 |

The restructuring accrual, spending and other activity for the six months ended June 30, 2019 and the accrual balance remaining at June 30, 2019 related to these programs were as follows:

| *(In millions)* | |
|---|---|
| Restructuring accrual at December 31, 2018 | $ 37.5 |
| Accrual and accrual adjustments | 36.7 |
| Cash payments during 2019 | (19.9) |
| Effect of changes in foreign currency exchange rates | 0.6 |
| **Restructuring accrual at June 30, 2019** | **$ 54.9** |

We expect to pay $52.4 million of the accrual balance remaining at June 30, 2019 within the next twelve months. This amount is included in accrued restructuring costs on the Condensed Consolidated Balance Sheets at June 30, 2019. The remaining accrual of $2.5 million is expected to be substantially paid by the end of 2020. This amount is included in other non-current liabilities on our Condensed Consolidated Balance Sheets at June 30, 2019.

**Note 13 Debt and Credit Facilities**

Our total debt outstanding consisted of the amounts set forth in the following table:

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Short-term borrowings[1] | $ 265.3 | $ 232.8 |
| Current portion of long-term debt[2] | 31.6 | 4.9 |
| **Total current debt** | **296.9** | **237.7** |
| Term Loan A due July 2023 | 222.3 | 222.2 |
| 6.50% Senior Notes due December 2020 | 424.3 | 424.0 |
| 4.875% Senior Notes due December 2022 | 421.5 | 421.1 |
| 5.25% Senior Notes due April 2023 | 421.6 | 421.2 |
| 4.50% Senior Notes due September 2023 | 452.1 | 454.9 |
| 5.125% Senior Notes due December 2024 | 421.6 | 421.3 |
| 5.50% Senior Notes due September 2025 | 397.2 | 397.1 |
| 6.875% Senior Notes due July 2033 | 445.6 | 445.5 |
| Other[2] | 85.5 | 29.2 |
| **Total long-term debt, less current portion[3]** | **3,291.7** | **3,236.5** |
| **Total debt[4]** | **$ 3,588.6** | **$ 3,474.2** |

(1) Short-term borrowings of $265.3 million at June 30, 2019 are comprised of $178.0 million under our revolving credit facility, $78.5 million under our European securitization program and $8.8 million of short-term borrowings from various lines of credit. Short-term borrowings of $232.8 million at December 31, 2018 were comprised of $140.0 million under our

revolving credit facility, $83.9 million under our European securitization program and $8.9 million of short-term borrowings from various lines of credit.

(2) Due to the adoption of ASU 2016-02, the June 30, 2019 Current portion of long-term debt and Other balances include $31.6 million and $82.7 million, respectively for the liability associated with our finance and operating leases. See Note 4, "Leases," of the Notes to Condensed Consolidated Financial Statements for additional information.

(3) Amounts are net of unamortized discounts and issuance costs of $22.2 million as June 30, 2019 and $24.3 million as of December 31, 2018.

(4) As of June 30, 2019, our weighted average interest rate on our short-term borrowings outstanding was 3.0% and on our long-term debt outstanding was 5.4%. As of December 31, 2018, our weighted average interest rate on our short-term borrowings outstanding was 2.8% and on our long-term debt outstanding was 5.4%.

***Amended and Restated Senior Secured Credit Facility***

On July 12, 2018, the Company and certain of its subsidiaries entered into a third amended and restated credit agreement and an amendment No. 1 thereto (the "Third Amended and Restated Agreement") whereby its senior secured credit facility was amended and restated with Bank of America, N.A., as agent and the other financial institutions party thereto. The changes include: (i) the refinancing of the term loan A facilities and revolving credit facilities with a new U.S. dollar term loan A facility in an aggregate principal amount of approximately $186.5 million, a new pounds sterling term loan A facility in an aggregate principal amount of approximately £29.4 million, and increased our revolving credit facilities from $700.0 million to $1.0 billion (including revolving facilities available in U.S. dollars, euros, pounds sterling, Canadian dollars, Australian dollars, Japanese yen, New Zealand dollars and Mexican pesos), (ii) increased flexibility to lower the interest rate margin for the term loan A facilities and revolving credit facilities, which will range from 125 to 200 basis points (bps) in the case of LIBOR loans, subject to the achievement of certain leverage tests, (iii) the extension of the final maturity of the term loan A facilities and revolving credit commitment to July 11, 2023, (iv) the removal of the requirement to prepay the loans with respect to excess cash flow, (v) adjustments to the financial maintenance covenant of Consolidated Net Debt to Consolidated EBITDA (in each case, as defined in the Third Amended and Restated Credit Agreement) and other covenants to provide additional flexibility to the Company, (vi) the release of certain non-U.S. asset collateral previously pledged by certain of the Company's subsidiaries and (vii) other amendments.

As a result of the Third Amended and Restated Credit Agreement, we recognized $1.9 million of loss on debt redemption in our Condensed Consolidated Statements of Operations in the third quarter of 2018. This amount includes $1.5 million of accelerated amortization of original issuance discount related to the term loan A and lender and non-lender fees related to the entire credit facility. Also included in the loss on debt redemption was $0.4 million of non-lender fees incurred in connection with the Third Amended and Restated Credit Agreement. In addition, we incurred $0.7 million of lender and third-party fees that are included in the carrying amounts of the outstanding debt under the credit facility. We also capitalized $4.9 million of fees that are included in other assets on our Condensed Consolidated Balance Sheets. The amortization expense related to original issuance discount and lender and non-lender fees is calculated using the effective interest rate method over the lives of the respective debt instruments.

On August 1, 2019, Sealed Air Corporation, on behalf of itself and certain of its subsidiaries, and Sealed Air Corporation (US) entered into an amendment and incremental assumption agreement (the Amendment) whereby the Company's existing senior secured credit facility with Bank of America, N.A., as agent, and the other financial institutions party thereto, was amended. The Amendment provides for a new incremental term facility in an aggregate principal amount of up to $475 million, to be used, in part, to finance the acquisition of APS.

Amortization expense related to the senior secured credit facility was $0.5 million and $0.9 million for the three and six months ended June 30, 2019, and is included in interest expense, net in our Condensed Consolidated Statements of Operations.

***Short-term Borrowings***

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including the revolving credit facility discussed above, and the amounts available under our accounts receivable securitization programs.

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Used lines of credit[1] | $ 265.3 | $ 232.8 |
| Unused lines of credit | 1,077.5 | 1,135.3 |
| **Total available lines of credit[2]** | **$ 1,342.8** | **$ 1,368.1** |

(1) Includes total borrowings under the accounts receivable securitization programs, the revolving credit facility and borrowings under lines of credit available to several subsidiaries.
(2) Of the total available lines of credit, $1,137.0 million was committed as of June 30, 2019.

***Covenants***

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Third Amended and Restated Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum permitted ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Third Amended and Restated Credit Agreement). We were in compliance with the above financial covenants and limitations at June 30, 2019.

**Note 14 Derivatives and Hedging Activities**

We report all derivative instruments on our Condensed Consolidated Balance Sheets at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes.

As a large global organization, we face exposure to market risks, such as fluctuations in foreign currency exchange rates and interest rates. To manage the volatility relating to these exposures, we enter into various derivative instruments from time to time under our risk management policies. We designate derivative instruments as hedges on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments offset in part or in whole corresponding changes in the fair value or cash flows of the underlying exposures being hedged. We assess the initial and ongoing effectiveness of our hedging relationships in accordance with our policy. We do not purchase, hold or sell derivative financial instruments for trading purposes. Our practice is to terminate derivative transactions if the underlying asset or liability matures or is sold or terminated, or if we determine the underlying forecasted transaction is no longer probable of occurring.

We record the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized.

***Foreign Currency Forward Contracts Designated as Cash Flow Hedges***

The primary purpose of our cash flow hedging activities is to manage the potential changes in value associated with the amounts receivable or payable on equipment and raw material purchases that are denominated in foreign currencies in order to minimize the impact of the changes in foreign currencies. We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in AOCL to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in cost of sales, on our Condensed Consolidated Statements of Operations. Cash flows from derivative financial instruments are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

Net unrealized after-tax losses/gains related to cash flow hedging activities that were included in AOCL were a $0.1 million and $1.3 million loss for the three and six months ended June 30, 2019, respectively, and a $1.3 million and $2.4 million gain for the three and six months ended June 30, 2018, respectively. The unrealized amounts in AOCL will fluctuate based on changes in the fair value of open contracts during each reporting period.

We estimate that $0.1 million of net unrealized gains related to cash flow hedging activities included in AOCL will be reclassified into earnings within the next twelve months.

***Foreign Currency Forward Contracts Not Designated as Hedges***

Our subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purposes of our foreign currency hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies and to minimize the impact of the changes in foreign currencies related to foreign currency-denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these derivative contracts are recognized in other income (expense), net, on our Condensed Consolidated Statements of Operations and are largely offset by the remeasurement of the underlying foreign currency-denominated items indicated above. Cash flows from derivative financial instruments are classified as cash flows

from investing activities in the Condensed Consolidated Statements of Cash Flows. These contracts generally have original maturities of less than 12 months.

***Interest Rate Swaps***

From time to time, we may use interest rate swaps to manage our fixed and floating interest rates on our outstanding indebtedness. At June 30, 2019 and December 31, 2018, we had no outstanding interest rate swaps.

***Net Investment Hedge***

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The change in the translated value of the debt was $4.8 million ($3.6 million net of tax) as of June 30, 2019 and is reflected in AOCL on our Condensed Consolidated Balance Sheets.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425.0 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. As a result of the sale of Diversey, we terminated these cross-currency swaps in September 2017 and settled these swaps in October 2017. The fair value of the swaps on the date of termination was a liability of $61.9 million which was partially offset by semi-annual interest settlements of $17.7 million. This resulted in a net impact of $(44.2) million which is recorded in AOCL.

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, changes in fair values of the derivative instruments are recognized in unrealized net gains or loss on derivative instruments for net investment hedge, a component of AOCL, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other income (expense), net on the Condensed Consolidated Statements of Operations.

***Other Derivative Instruments***

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency.

***Fair Value of Derivative Instruments***

See Note 15, "Fair Value Measurements and Other Financial Instruments," of the Notes to Condensed Consolidated Financial Statements for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

The following table details the fair value of our derivative instruments included on our Condensed Consolidated Balance Sheets.

| | Cash Flow Hedge | | Non-Designated as Hedging Instruments | | Total | |
|---|---|---|---|---|---|---|
| *(In millions)* | June 30, 2019 | December 31, 2018 | June 30, 2019 | December 31, 2018 | June 30, 2019 | December 31, 2018 |
| *Derivative Assets* | | | | | | |
| Foreign currency forward contracts | $ 0.8 | $ 1.8 | $ 1.9 | $ 1.7 | $ 2.7 | $ 3.5 |
| **Total Derivative Assets** | **$ 0.8** | **$ 1.8** | **$ 1.9** | **$ 1.7** | **$ 2.7** | **$ 3.5** |
| *Derivative Liabilities* | | | | | | |
| Foreign currency forward contracts | $ (0.9) | $ (0.2) | $ (3.1) | $ (2.7) | $ (4.0) | $ (2.9) |
| **Total Derivative Liabilities[1]** | **$ (0.9)** | **$ (0.2)** | **$ (3.1)** | **$ (2.7)** | **$ (4.0)** | **$ (2.9)** |
| **Net Derivatives[2]** | **$ (0.1)** | **$ 1.6** | **$ (1.2)** | **$ (1.0)** | **$ (1.3)** | **$ 0.6** |

(1) Excludes €400.0 million of euro-denominated debt ($452.1 million equivalent at June 30, 2019 and $454.9 million equivalent at December 31, 2018), designated as a net investment hedge.

(2) The following table reconciles gross positions without the impact of master netting agreements to the balance sheet classification:

| | Other Current Assets | | Other Current Liabilities | |
|---|---|---|---|---|
| *(In millions)* | June 30, 2019 | December 31, 2018 | June 30, 2019 | December 31, 2018 |
| Gross position | $ 2.7 | $ 3.5 | $ (4.0) | $ (2.9) |
| Impact of master netting agreements | (1.8) | (1.4) | 1.8 | 1.4 |
| **Net amounts recognized on the Condensed Consolidated Balance Sheets** | **$ 0.9** | **$ 2.1** | **$ (2.2)** | **$ (1.5)** |

The following table details the effect of our derivative instruments on our Condensed Consolidated Statements of Operations.

| | | Amount of Gain (Loss) Recognized in Earnings on Derivatives | | | |
|---|---|---|---|---|---|
| | | Three Months Ended June 30, | | Six Months Ended June 30, | |
| *(In millions)* | Location of Gain (Loss) Recognized on Condensed Consolidated Statements of Operations | 2019 | 2018 | 2019 | 2018 |
| **Derivatives designated as hedging instruments:** | | | | | |
| *Cash Flow Hedges:* | | | | | |
| Foreign currency forward contracts | Cost of sales | $ 0.9 | $ (1.2) | $ 1.5 | $ (1.8) |
| Treasury locks | Interest expense, net | 0.1 | 0.1 | 0.1 | 0.1 |
| **Sub-total cash flow hedges** | | **1.0** | **(1.1)** | **1.6** | **(1.7)** |
| *Fair Value Hedges:* | | | | | |
| Interest rate swaps | Interest expense, net | 0.2 | 0.1 | 0.3 | 0.2 |
| **Derivatives not designated as hedging instruments:** | | | | | |
| Foreign currency forward contracts | Other income (expense), net | (1.6) | (5.7) | (4.3) | (6.9) |
| **Total** | | **$ (0.4)** | **$ (6.7)** | **$ (2.4)** | **$ (8.4)** |

**Note 15 Fair Value Measurements and Other Financial Instruments**

***Fair Value Measurements***

In determining fair value of financial instruments, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and consider counterparty credit risk in our assessment of fair value. We determine fair value of our financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- *Level 1 Inputs:* Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- *Level 2 Inputs:* Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3 Inputs:* Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The following table details the fair value hierarchy of our financial instruments:

| | June 30, 2019 | | | |
|---|---|---|---|---|
| *(In millions)* | Total Fair Value | Level 1 | Level 2 | Level 3 |
| Cash equivalents | **$ 40.7** | $ 40.7 | $ — | $ — |
| Derivative financial and hedging instruments net asset: | | | | |
| Foreign currency forward contracts and options | **$ (1.3)** | $ — | $ (1.3) | $ — |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| *(In millions)* | Total Fair Value | Level 1 | Level 2 | Level 3 |
| Cash equivalents | **$ 38.6** | $ 38.6 | $ — | $ — |
| Derivative financial and hedging instruments net asset: | | | | |
| Foreign currency forward contracts | **$ 0.6** | $ — | $ 0.6 | $ — |

***Cash Equivalents***

Our cash equivalents at June 30, 2019 and December 31, 2018 consisted of bank time deposits (Level 1). Since these are short-term highly liquid investments with remaining maturities of 3 months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates.

***Derivative Financial Instruments***

Our foreign currency forward contracts, foreign currency options, interest rate swaps and cross-currency swaps are recorded at fair value on our Condensed Consolidated Balance Sheets using a discounted cash flow analysis that incorporates observable market inputs. These market inputs include foreign currency spot and forward rates, and various interest rate curves, and are obtained from pricing data quoted by various banks, third-party sources and foreign currency dealers involving identical or comparable instruments (Level 2).

Counterparties to these foreign currency forward contracts have at least an investment grade rating. Credit ratings on some of our counterparties may change during the term of our financial instruments. We closely monitor our counterparties' credit ratings and, if necessary, will make any appropriate changes to our financial instruments. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

***Other Financial Instruments***

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) trade receivables, net, (2) certain other current assets, (3) accounts payable and (4) other current liabilities. The carrying amounts reported on our Condensed Consolidated Balance Sheets for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

Other liabilities that are recorded at carrying value on our Condensed Consolidated Balance Sheets include our credit facilities and senior notes. We utilize a market approach to calculate the fair value of our senior notes. Due to their limited investor base and the face value of some of our senior notes, they may not be actively traded on the date we calculate their fair value. Therefore, we may utilize prices and other relevant information generated by market transactions involving similar securities, reflecting U.S. Treasury yields to calculate the yield to maturity and the price on some of our senior notes. These inputs are provided by an independent third party and are considered to be Level 2 inputs.

We derive our fair value estimates of our various other debt instruments 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. We also incorporated our credit default swap rates and currency specific swap rates in the valuation of each debt instrument, as applicable.

These estimates are subjective and involve uncertainties and matters of significant judgment, and therefore we cannot determine them with precision. Changes in assumptions could significantly affect our estimates.

The table below shows the carrying amounts and estimated fair values of our debt, excluding our lease liabilities.

| *(In millions)* | June 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Term Loan A Facility due July 2023[1] | $ 222.3 | $ 222.3 | $ 222.2 | $ 222.2 |
| 6.50% Senior Notes due December 2020 | 424.3 | 440.7 | 424.0 | 440.1 |
| 4.875% Senior Notes due December 2022 | 421.5 | 445.8 | 421.1 | 421.2 |
| 5.25% Senior Notes due April 2023 | 421.6 | 448.3 | 421.2 | 424.5 |
| 4.50% Senior Notes due September 2023[1] | 452.1 | 513.5 | 454.9 | 489.9 |
| 5.125% Senior Notes due December 2024 | 421.6 | 445.0 | 421.3 | 419.8 |
| 5.50% Senior Notes due September 2025 | 397.2 | 424.0 | 397.1 | 394.8 |
| 6.875% Senior Notes due July 2033 | 445.6 | 500.5 | 445.5 | 453.4 |
| Other foreign borrowings[1] | 90.5 | 87.4 | 98.5 | 99.2 |
| Other domestic borrowings | 178.0 | 178.0 | 168.4 | 170.0 |
| **Total debt[2]** | **$ 3,474.7** | **$ 3,705.5** | **$ 3,474.2** | **$ 3,535.1** |

(1) Includes borrowings denominated in currencies other than U.S. dollars.
(2) At June 30, 2019, the carrying amount and estimated fair value of debt exclude lease liabilities.

Included among our non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis are inventories, net property and equipment, goodwill, intangible assets and asset retirement obligations.

**Note 16 Defined Benefit Pension Plans and Other Post-Employment Benefit Plans**

The following tables show the components of our net periodic benefit cost (income) for our defined benefit pension plans for the three and six months ended June 30, 2019 and 2018:

| *(In millions)* | Three Months Ended June 30, 2019 | | | Three Months Ended June 30, 2018 | | |
|---|---|---|---|---|---|---|
| | U.S. | International | Total | U.S. | International | Total |
| Components of net periodic benefit cost (income): | | | | | | |
| Service cost | $ — | $ 1.0 | $ 1.0 | $ 0.1 | $ 1.1 | $ 1.2 |
| Interest cost | 1.8 | 3.7 | 5.5 | 1.6 | 3.9 | 5.5 |
| Expected return on plan assets | (1.8) | (6.1) | (7.9) | (2.2) | (7.5) | (9.7) |
| Amortization of net prior service cost | — | 0.1 | 0.1 | — | — | — |
| Amortization of net actuarial loss | 0.4 | 0.9 | 1.3 | 0.2 | 0.6 | 0.8 |
| **Net periodic cost (income)** | **0.4** | **(0.4)** | **—** | **(0.3)** | **(1.9)** | **(2.2)** |
| Cost of settlement | — | 0.1 | 0.1 | — | 0.1 | 0.1 |
| **Total benefit cost (income)** | **$ 0.4** | **$ (0.3)** | **$ 0.1** | **$ (0.3)** | **$ (1.8)** | **$ (2.1)** |

| *(In millions)* | Six Months Ended June 30, 2019 | | | Six Months Ended June 30, 2018 | | |
|---|---|---|---|---|---|---|
| | U.S. | International | Total | U.S. | International | Total |
| Components of net periodic benefit cost (income): | | | | | | |
| Service cost | $ — | $ 2.0 | $ 2.0 | $ 0.1 | $ 2.1 | $ 2.2 |
| Interest cost | 3.5 | 7.4 | 10.9 | 3.2 | 7.8 | 11.0 |
| Expected return on plan assets | (3.6) | (12.2) | (15.8) | (4.4) | (14.9) | (19.3) |
| Amortization of net prior service cost | — | 0.1 | 0.1 | — | — | — |
| Amortization of net actuarial loss | 0.7 | 1.8 | 2.5 | 0.5 | 1.2 | 1.7 |
| **Net periodic cost (income)** | **0.6** | **(0.9)** | **(0.3)** | **(0.6)** | **(3.8)** | **(4.4)** |
| Cost of settlement | — | 0.3 | 0.3 | — | 0.1 | 0.1 |
| **Total benefit cost (income)** | **$ 0.6** | **$ (0.6)** | **$ —** | **$ (0.6)** | **$ (3.7)** | **$ (4.3)** |

The following table shows the components of our net periodic benefit cost (income) for our other post-retirement employee benefit plans for the three and six months ended June 30, 2019 and 2018:

| *(In millions)* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Components of net periodic benefit cost (income): | | | | |
| Interest cost | $ 0.4 | $ 0.4 | $ 0.8 | $ 0.7 |
| Amortization of net prior service credit | (0.1) | (0.1) | (0.2) | (0.2) |
| Amortization of net actuarial gain | (0.1) | (0.1) | (0.1) | (0.1) |
| **Net periodic cost** | **$ 0.2** | **$ 0.2** | **$ 0.5** | **$ 0.4** |

**Note 17 Income Taxes**

***Effective Income Tax Rate and Income Tax Provision***

On December 22, 2017, the TCJA was enacted into law. TCJA significantly changes existing U.S. tax law and includes numerous provisions that affect our business such as imposing a one-time transition tax on deemed repatriation of deferred foreign income ("Transition Tax"), reducing the U.S. federal statutory tax rate, and adopting a territorial tax system. The TCJA includes a provision to tax global intangible low-taxed income ("GILTI"), thereby requiring us to include in our U.S income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The GILTI provision is complex and subject to continuing regulatory interpretation by the U.S. Internal Revenue Service ("IRS"). We are required to make an accounting policy election to either (1) treat taxes due on future U.S. inclusions in taxable income related to GILTI as a current period expense when incurred (the "period cost method") or (2) factor such amounts into the Company's measurement of its deferred taxes (the "deferred method"). We have elected to recognize the GILTI as a period expense in the period the tax is incurred. Under this policy, we have not provided deferred taxes related to temporary differences that upon their reversal will affect the amount of income subject to GILTI in the period.

For interim tax reporting, we estimate one annual effective tax rate for tax jurisdictions not subject to a valuation allowance and apply that rate to the year-to-date ordinary income/(loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

Our effective income tax rate was 32.5% and 32.2% for the three and six months ended June 30, 2019, respectively. In comparison to the U.S. statutory rate of 21.0%, the Company's effective income tax rate is negatively impacted by foreign earnings taxed at a higher rate, the effect of GILTI and other foreign income inclusions in the U.S. tax base, a U.S. audit assessment associated with foreign tax credit utilization in 2011, state income taxes and non-deductible expenses, and is positively impacted by the benefits for the release of valuation allowance on foreign deferred assets in Brazil related to improved profitability from Reinvent SEE initiatives and the U.S. Research and Development credit.

Our effective income tax rate was 28.7% and 154.1% for the three and six months ended June 30, 2018, respectively. In comparison to the U.S. statutory rate of 21.0%, the Company's effective tax rate was negatively impacted by the Transition Tax

and GILTI provisions associated with the TCJA, withholding taxes, non-deductible expenses and state income taxes, offset by the benefits from lapses in statute of limitations on foreign unrecognized tax benefits.

The decrease in valuation allowances for the three and six months ended June 30, 2019 was $8.1 million. The change in valuation allowances for the three and six months ended June 30, 2018 was not material.

We reported a net increase in unrecognized tax benefits in the three and six months ended June 30, 2019 of $7.7 million and $9.7 million, respectively, primarily related to a U.S. audit assessment and interest accruals on existing positions. We reported a net decrease in unrecognized tax benefits in the three months and six months ended June 30, 2018 of $10.7 million and $14.0 million, respectively, primarily related to statute of limitations lapses in foreign jurisdictions. Interest and penalties on tax assessments are included in income tax expense.

**Note 18 Commitments and Contingencies**

***Cryovac Transaction Commitments and Contingencies***

Refer to Part II, Item 8, Note 18, “Commitments and Contingencies,” to our audited Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for a description of the Settlement agreement (as defined therein).

***Novipax Complaint***

On March 31, 2017, a complaint was filed in the Superior Court of the State of Delaware against Sealed Air Corporation, Cryovac Inc., Sealed Air Corporation (US) and Sealed Air (Canada) Co./Cie. (individually and collectively the “Company”) styled Novipax Holdings LLC ("Novipax") v. Sealed Air Corporation, Cryovac Inc., Sealed Air Corporation (US) and Sealed Air (Canada) Co. / Cie. (the “Complaint”). The Complaint alleged claims for fraud, breach of contract, and unjust enrichment relating to the plaintiff's acquisition of the Company's North America foam trays and absorbent pads business in 2015 for $75.6 million. The relief sought included unspecified monetary damages, exemplary damages, rescission or recessionary damages, reasonable attorneys' fees and pre-judgment and post-judgment interest.

Depositions commenced in the first quarter of 2019, and the case was calendared for trial to commence in June 2019. During the second quarter of 2019, the Company engaged in mediation with Novipax to settle the claim and the parties reached a preliminary settlement agreement. To cover the estimated costs of settlement, including a one-time cash payment as well as accrual of expenses relating to a proposed supply agreement under which the Company would continue to purchase materials from Novipax for a specified period for use in the manufacturing of the Company’s products, the Company recorded a charge of $59.0 million during the second quarter, which is included in Selling, general and administrative expenses in the Company’s Condensed Consolidated Statements of Operations. Subsequent to quarter end, on July 10, 2019 the settlement agreement was finalized and executed, and the parties agreed to the release and dismissal of the litigation claims.

***Environmental Matters***

We are subject to loss contingencies resulting from environmental laws and regulations, and we accrue for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals are not reduced by potential insurance recoveries, if any. We do not believe that it is reasonably possible that our liability in excess of the amounts that we have accrued for environmental matters will be material to our Condensed Consolidated Balance Sheets or Statements of Operations. Environmental liabilities are reassessed whenever circumstances become better defined or remediation efforts and their costs can be better estimated.

We evaluate these liabilities periodically based on available information, including the progress of remedial investigations at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) or new sites are assessed and costs can be reasonably estimated, we adjust the recorded accruals, as necessary. We believe that these exposures are not material to our Condensed Consolidated Balance Sheets or Statements of Operations. We believe that we have adequately reserved for all probable and estimable environmental exposures.

***Guarantees and Indemnification Obligations***

We are a party to many contracts containing guarantees and indemnification obligations. These contracts primarily consist of:

- indemnities in connection with the sale of businesses, primarily related to the sale of Diversey. Our indemnity obligations under the relevant agreements may be limited in terms of time, amount or scope. As it relates to certain income tax related liabilities, the relevant agreements may not provide any cap for such liabilities, and the period in which we would be liable would lapse upon expiration of the statute of limitation for assessment of the underlying taxes. Because of the conditional nature of these obligations and the unique facts and circumstances involved in each particular agreement, we are unable to reasonably estimate the potential maximum exposure associated with these items;
- product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products will conform to specifications. We generally do not establish a liability for product warranty based on a percentage of sales or other formula. We accrue a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and annual expense related to product warranties are immaterial to our consolidated financial position and results of operations; and
- licenses of intellectual property by us to third parties in which we have agreed to indemnify the licensee against third-party infringement claims.

As of June 30, 2019, the Company has no reason to believe a loss exceeding amounts already recognized would be incurred.

**Note 19 Stockholders' Deficit**

***Repurchase of Common Stock***

In July 2015, our Board of Directors authorized a repurchase program of up to $1.5 billion of the Company's common stock, reflecting its commitment to return value to shareholders. That repurchase program had no expiration date and replaced the previously authorized program, which was terminated. In March 2017, our Board of Directors authorized an increase to the existing share repurchase program by up to an additional $1.5 billion of the Company's common stock. Additionally, on May 2, 2018, the Board of Directors increased the share repurchase program authorization to $1.0 billion. This new program has no expiration date and replaced the previous authorizations. Refer to Part II, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" for further information.

During the three and six months ended June 30, 2019, we repurchased 1,154,047 and 1,560,633 shares, for approximately $49.5 million and $67.2 million, with an average share price of $42.98 and $43.09, respectively. These repurchases were made under open market transactions, including through plans complying with Rule 10b5-1 under the of the Securities Exchange Act of 1934, as amended, and pursuant to the share repurchase program previously authorized by our Board of Directors.

During the three and six months ended June 30, 2018, we repurchased 1,780,578 and 10,575,532 shares, for approximately $77.1 million and $481.6 million, respectively. These repurchases were made under privately negotiated, accelerated share repurchase activities or open market transactions including through plans complying with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, and pursuant to the share repurchase program previously authorized by our Board of Directors.

During the three and six months ended June 30, 2018, share purchases under open market transactions were 1,780,578 and 9,355,896 shares for approximately $77.1 million and $401.6 million with an average share price of $43.29 and $42.93, respectively.

***Dividends***

On May 16, 2019, our Board of Directors declared a quarterly cash dividend of $0.16 per common share, or $24.7 million, which was paid on June 21, 2019, to stockholders of record at the close of business on June 7, 2019.

On July 11, 2019, our Board of Directors declared a quarterly cash dividend of $0.16 per common share, which will be paid on September 20, 2019, to stockholders of record at the close of business on September 6, 2019.

The dividends paid in the six months ended June 30, 2019 were recorded as a reduction to cash and cash equivalents and retained earnings on our Condensed Consolidated Balance Sheets. Our credit facility and our notes contain covenants that

restrict our ability to declare or pay dividends. However, we do not believe these covenants are likely to materially limit the future payment of quarterly cash dividends on our common stock. From time to time, we may consider other means of returning value to our stockholders based on our Condensed Consolidated Statements of Operations. There is no guarantee that our Board of Directors will declare any further dividends.

***Share-based Compensation***

In 2014, the Board of Directors adopted, and its stockholders approved the Omnibus Incentive Plan ("Omnibus Incentive Plan"). Under the Omnibus Incentive Plan, the maximum number of shares of Common Stock authorized was 4,250,000, plus total shares available to be issued as of May 22, 2014 under the 2002 Directors Stock Plan and the 2005 Contingent Stock Plan (collectively, the "Predecessor Plans"). The Omnibus Incentive Plan replaced the Predecessor Plans and no further awards were granted under the Predecessor Plans. The Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance share units known as PSU awards, other stock awards and cash awards to officers, non-employee directors, key employees, consultants and advisers.

In 2018, the Board of Directors adopted, and its shareholders approved an amendment and restatement to the 2014 Omnibus Incentive Plan. The amended plan adds 2,199,114 shares of common stock to the share pool previously available under the Omnibus Incentive Plan.

We record share-based incentive compensation expense in selling, general and administrative expenses and cost of sales on our Condensed Consolidated Statements of Operations for both equity-classified and liability-classified awards. We record corresponding credit to additional paid-in capital within stockholders' equity for equity-classified awards, and to either current or non-current liability for liability-classified awards based on the fair value of the share-based incentive compensation awards at the date of grant. Total expense for the liability-classified awards continues to be remeasured to fair value at the end of each reporting period. We recognize an expense or credit reflecting the straight-line recognition, net of estimated forfeitures, of the expected cost of the program. The number of Performance Share Units ("PSU") earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met.

The table below shows our total share-based incentive compensation expense:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| **Total share-based incentive compensation expense[1]** | **$ 4.8** | **$ 7.1** | **$ 13.2** | **$ 14.6** |

(1) The amounts included above do not include the expense related to our U.S. profit sharing contributions made in the form of our common stock or the expense or income related to certain cash-based awards, however, the amounts include the expense related to share-based awards that are settled in cash.

*PSU Awards*

During the first 90 days of each year, the Organization and Compensation ("O&C") Committee of our Board of Directors approves PSU awards for our executive officers and other selected key executives, which include for each officer or executive a target number of shares of common stock and performance goals and measures that will determine the percentage of the target award that is earned following the end of the three-year performance period. Following the end of the performance period, in addition to shares, participants will also receive a cash payment in the amount of the dividends (without interest) that would have been paid during the performance period on the number of shares that they have earned. Each PSU is subject to forfeiture if the recipient terminates employment with the Company prior to the end of the three-year award performance period for any reason other than death, disability or retirement. In the event of death, disability or retirement, a participant will receive a prorated payment based on such participant's number of full months of service during the award performance period, further adjusted based on the achievement of the performance goals during the award performance period. All of these PSUs are classified as equity in the Condensed Consolidated Balance Sheets.

*2019 Three-year PSU Awards*

In February 2019, the O&C Committee approved awards with a three-year performance period beginning January 1, 2019 to December 31, 2021 for certain executives. The O&C Committee established performance goals, which are (i) total shareholder return (TSR) weighted at 34%, (ii) 2021 consolidated adjusted EBITDA margin weighted at 33%, and (iii) Return

on Invested Capital weighted at 33%. The total number of shares to be issued for these awards can range from zero to 200% of the target number of shares.

The number of PSUs granted and the grant date fair value of the PSUs are shown in the following table:

| | TSR | ROIC | Adjusted EBITDA |
|---|---|---|---|
| Number of units granted | 49,819 | 66,807 | 66,807 |
| Fair value on grant date[1] | $ 58.25 | $ 42.16 | $ 42.16 |

(1) Represents weighted average fair value for PSU awards approved on February 13, 2019 and February 14, 2019.

The assumptions used to calculate the grant date fair value of the PSUs based on TSR are shown in the following table:

| | TSR portion of the 2019 PSU Award |
|---|---|
| Expected price volatility[1] | 22.8% |
| Risk-free interest rate[1] | 2.5% |

(1) Represents average of assumptions for PSU awards approved on February 13, 2019 and February 14, 2019.

*2016 Three-year PSU Awards*

In February 2019, the O&C Committee reviewed the performance results for the 2016-2018 PSUs. Performance goals for these PSUs were based on Adjusted EBITDA margins and relative TSR. Based on overall performance for 2016-2018 PSUs, these awards paid out at 0% of target or zero units.

**Note 20 Accumulated Other Comprehensive Loss**

The following table provides details of comprehensive income (loss) for the six months ended June 30, 2019 and 2018:

| *(In millions)* | Unrecognized Pension Items | Cumulative Translation Adjustment | Unrecognized Losses on Derivative Instruments for net investment hedge | Unrecognized Gains (Losses) on Derivative Instruments for cash flow hedge | Accumulated Other Comprehensive Loss, Net of Taxes |
|---|---|---|---|---|---|
| Balance at December 31, 2017 | $ (103.4) | $ (694.4) | $ (46.8) | $ (0.3) | $ (844.9) |
| Other comprehensive income (loss) before reclassifications | 0.1 | (28.7) | 11.2 | 1.2 | (16.2) |
| Less: amounts reclassified from accumulated other comprehensive loss | 1.0 | — | — | 1.3 | 2.3 |
| Net current period other comprehensive income (loss) | 1.1 | (28.7) | 11.2 | 2.5 | (13.9) |
| **Balance at June 30, 2018[2]** | **$ (102.3)** | **$ (723.1)** | **$ (35.6)** | **$ 2.2** | **$ (858.8)** |
| | | | | | |
| Balance at December 31, 2018[1] | $ (136.4) | $ (744.8) | $ (41.9) | $ 2.7 | $ (920.4) |
| Other comprehensive income (loss) before reclassifications | — | 6.3 | 2.3 | (0.3) | 8.3 |
| Less: amounts reclassified from accumulated other comprehensive loss | 1.7 | — | — | (1.0) | 0.7 |
| Net current period other comprehensive income (loss) | 1.7 | 6.3 | 2.3 | (1.3) | 9.0 |
| **Balance at June 30, 2019[2]** | **$ (134.7)** | **$ (738.5)** | **$ (39.6)** | **$ 1.4** | **$ (911.4)** |

(1) In the fourth quarter of 2018, the Company Adopted ASU 2018-02. As part of the adoption, the Company elected to reclassify $13.4 million of stranded tax effects of the TCJA from AOCL to retained earnings. The impact of the ASU adoption has been allocated to unrecognized pension items, unrecognized gains (losses) on derivative instruments for net investment hedges and cash flow hedges.

(2) The ending balance in AOCL includes gains and losses on intra-entity foreign currency transactions. The intra-entity currency translation adjustment was $(0.4) million and $69.9 million as of June 30, 2019 and 2018, respectively.

The following table provides detail of amounts reclassified from AOCL:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|
| *(In millions)* | 2019[1] | 2018[1] | 2019[1] | 2018[1] | Location of Amount Reclassified from AOCL |
| Defined benefit pension plans and other post-employment benefits: | | | | | |
| Prior service credit | $ — | $ 0.1 | $ 0.1 | $ 0.2 | |
| Actuarial losses | (1.2) | (0.7) | (2.4) | (1.6) | |
| Total pre-tax amount | (1.2) | (0.6) | (2.3) | (1.4) | Other income (expense), net |
| Tax benefit | 0.3 | 0.2 | 0.6 | 0.4 | |
| Net of tax | (0.9) | (0.4) | (1.7) | (1.0) | |
| Net gains (losses) on cash flow hedging derivatives: | | | | | |
| Foreign currency forward contracts[2] | 0.9 | (1.2) | 1.5 | (1.8) | Other income (expense), net |
| Treasury locks | 0.1 | 0.1 | 0.1 | 0.1 | Interest expense, net |
| Total pre-tax amount | 1.0 | (1.1) | 1.6 | (1.7) | |
| Tax (expense) benefit | (0.4) | 0.3 | (0.6) | 0.4 | |
| Net of tax | 0.6 | (0.8) | 1.0 | (1.3) | |
| **Total reclassifications for the period** | **$ (0.3)** | **$ (1.2)** | **$ (0.7)** | **$ (2.3)** | |

(1) Amounts in parenthesis indicate changes to earnings (loss).
(2) These accumulated other comprehensive components are included in our derivative and hedging activities. See Note 14, "Derivatives and Hedging Activities," of the Notes to Condensed Consolidated Financial Statements for additional details.

**Note 21 Other Income (Expense), net**

The following table provides details of other income (expense), net:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Net foreign exchange transaction loss | $ (1.5) | $ (2.0) | $ (2.6) | $ (13.7) |
| Bank fee expense | (1.3) | (1.4) | (2.5) | (2.4) |
| Pension income other than service costs | 0.5 | 2.7 | 0.9 | 5.2 |
| Other, net[1] | 6.2 | 1.8 | 7.4 | — |
| **Other income (expense), net** | **$ 3.9** | **$ 1.1** | **$ 3.2** | **$ (10.9)** |

(1) Cryovac Brasil Ltda., a Sealed Air subsidiary, received a final decision from the Brazilian court regarding a claim in which Sealed Air contended that certain indirect taxes paid were calculated on an incorrect amount. As a result, for the three and six months ended June 30, 2019, we recorded $4.8 million income to Other, net for a claim of overpaid taxes related to 2015 through 2018.

**Note 22 Net Earnings (Loss) Per Common Share**

The following table shows the calculation of basic and diluted net earnings (loss) per common share under the two-class method:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions, except per share amounts)* | 2019 | 2018 | 2019 | 2018 |
| *Basic Net Earnings (Loss) Per Common Share:* | | | | |
| Numerator: | | | | |
| Net earnings (loss) | $ 33.2 | $ 114.4 | $ 90.7 | $ (86.2) |
| Distributed and allocated undistributed net earnings to unvested restricted stockholders | (0.1) | (0.6) | (0.2) | (0.3) |
| Distributed and allocated undistributed net earnings (loss) | 33.1 | 113.8 | 90.5 | (86.5) |
| Distributed net earnings - dividends paid to common stockholders | (24.6) | (25.5) | (49.4) | (51.9) |
| **Allocation of undistributed net earnings (loss) to common stockholders** | **$ 8.5** | **$ 88.3** | **$ 41.1** | **$ (138.4)** |
| Denominator: | | | | |
| Weighted average number of common shares outstanding - basic | 154.5 | 159.7 | 154.6 | 162.5 |
| Basic net earnings per common share: | | | | |
| Distributed net earnings | $ 0.16 | $ 0.16 | $ 0.32 | $ 0.32 |
| Allocated undistributed net earnings (loss) to common stockholders | 0.06 | 0.55 | 0.27 | (0.85) |
| **Basic net earnings (loss) per common share** | **$ 0.22** | **$ 0.71** | **$ 0.59** | **$ (0.53)** |
| *Diluted Net Earnings (Loss) Per Common Share:* | | | | |
| Numerator: | | | | |
| Distributed and allocated undistributed net earnings (loss) | $ 33.1 | $ 113.8 | $ 90.5 | $ (86.5) |
| Add: Allocated undistributed net earnings to unvested restricted stockholders | — | 0.4 | 0.1 | — |
| Less: Undistributed net earnings reallocated to unvested restricted stockholders | — | (0.4) | (0.1) | — |
| **Net earnings (loss) available to common stockholders - diluted** | **$ 33.1** | **$ 113.8** | **$ 90.5** | **$ (86.5)** |
| Denominator: | | | | |
| Weighted average number of common shares outstanding - basic | 154.5 | 159.7 | 154.6 | 162.5 |
| Effect of contingently issuable shares | 0.3 | 0.1 | 0.2 | — |
| Effect of unvested restricted stock units | 0.2 | 0.4 | 0.2 | — |
| **Weighted average number of common shares outstanding - diluted under two-class** | **155.0** | **160.2** | **155.0** | **162.5** |
| Effect of unvested restricted stock - participating security | 0.3 | 0.4 | 0.3 | — |
| **Weighted average number of common shares outstanding - diluted under treasury stock** | **155.3** | **160.6** | **155.3** | **162.5** |
| **Diluted net earnings (loss) per common share** | **$ 0.21** | **$ 0.71** | **$ 0.58** | **$ (0.53)** |

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The information in our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with our Condensed Consolidated Financial Statements and related notes set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q, our MD&A set forth in Item 7 of Part II of our 2018 Form 10-K and our Consolidated Financial Statements and related notes set forth in Item 8 of Part II of our 2018 Form 10-K. See Part II, Item 1A, "Risk Factors," below and "Cautionary Notice Regarding Forward-Looking Statements," above, and the information referenced therein, for a description of risks that we face and important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. All amounts and percentages are approximate due to rounding and all dollars are in millions, except per share amounts or where otherwise noted. When we cross-reference to a "Note," we are referring to our "Notes to Condensed Consolidated Financial Statements," unless the context indicates otherwise.

**Highlights of Financial Performance**

Below are the highlights of our financial performance for the three and six months ended June 30, 2019 and 2018:

| | Three Months Ended June 30, | | % | Six Months Ended June 30, | | % |
|---|---|---|---|---|---|---|
| *(In millions, except per share amounts)* | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Net sales | $ 1,161.0 | $ 1,155.2 | 0.5 % | $ 2,273.7 | $ 2,286.2 | (0.5)% |
| Gross profit | $ 378.3 | $ 363.5 | 4.1 % | $ 743.5 | $ 737.5 | 0.8 % |
| *As a % of net sales* | *32.6%* | *31.5%* | | *32.7%* | *32.3%* | |
| Operating profit | $ 78.4 | $ 160.2 | (51.1)% | $ 219.5 | $ 327.7 | (33.0)% |
| *As a % of net sales* | *6.8%* | *13.9%* | | *9.7%* | *14.3%* | |
| Net earnings (loss) from continuing operations | $ 25.5 | $ 83.3 | (69.4)% | $ 89.8 | $ (124.7) | # |
| Gain on sale of discontinued operations, net of tax | 7.7 | 31.1 | (75.2)% | 0.9 | 38.5 | (97.7)% |
| **Net earnings (loss)** | **$ 33.2** | **$ 114.4** | **(71.0)%** | **$ 90.7** | **$ (86.2)** | # |
| Basic: | | | | | | |
| Continuing operations | $ 0.16 | $ 0.52 | (69.2)% | $ 0.58 | $ (0.77) | # |
| Discontinued operations | 0.06 | 0.19 | (68.4)% | 0.01 | 0.24 | (95.8)% |
| **Net earnings (loss) per common share - basic** | **$ 0.22** | **$ 0.71** | **(69.0)%** | **$ 0.59** | **$ (0.53)** | # |
| Diluted: | | | | | | |
| Continuing operations | $ 0.16 | $ 0.52 | (69.2)% | $ 0.58 | $ (0.77) | # |
| Discontinued operations | 0.05 | 0.19 | (73.7)% | — | 0.24 | # |
| **Net earnings (loss) per common share - diluted** | **$ 0.21** | **$ 0.71** | **(70.4)%** | **$ 0.58** | **$ (0.53)** | # |
| Weighted average numbers of common shares outstanding: | | | | | | |
| Basic | 154.5 | 159.7 | | 154.6 | 162.5 | |
| Diluted | 155.3 | 160.6 | | 155.3 | 162.5 | |
| Non-U.S. GAAP Adjusted EBITDA from continuing operations[1] | $ 236.7 | $ 217.5 | 8.8 % | $ 452.5 | $ 422.3 | 7.2 % |
| Non-U.S. GAAP Adjusted EPS from continuing operations[2] | $ 0.80 | $ 0.64 | 25.0 % | $ 1.40 | $ 1.15 | 21.7 % |

# Denotes a variance that is not meaningful.

(1) See Note 6, "Segments," of the Notes to Condensed Consolidated Financial Statements for a reconciliation of net earnings (loss) from continuing operations to non-U.S. GAAP Adjusted EBITDA from continuing operations.

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

**Diluted Net Earnings (Loss) per Common Share**

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

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| *(In millions, except per share data)* | Net Earnings | Diluted EPS | Net Earnings | Diluted EPS | Net Earnings | Diluted EPS | Net (Loss) Earnings | Diluted EPS |
| **U.S. GAAP net earnings (loss) and diluted EPS from continuing operations[1]** | **$ 25.5** | **$ 0.16** | **$ 83.3** | **$ 0.52** | **$ 89.8** | **$ 0.58** | **$ (124.7)** | **$ (0.77)** |
| Special Items[2] | 99.8 | 0.64 | 19.1 | 0.12 | 127.7 | 0.82 | 312.5 | 1.92 |
| **Non-U.S. GAAP adjusted net earnings and adjusted diluted EPS from continuing operations** | **$ 125.3** | **$ 0.80** | **$ 102.4** | **$ 0.64** | **$ 217.5** | **$ 1.40** | **$ 187.8** | **$ 1.15** |
| **Weighted average number of common shares outstanding - Diluted** | | **155.3** | | **160.6** | | **155.3** | | **162.5** |

(1) Net earnings per common share are calculated under the two-class method.
(2) Special Items include the following:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions, except per share data)* | 2019 | 2018 | 2019 | 2018 |
| Special Items: | | | | |
| Restructuring charges | $ 29.3 | $ 7.1 | $ 36.7 | $ 15.7 |
| Other restructuring associated costs[i] | 21.3 | (0.4) | 38.0 | 1.8 |
| Foreign currency exchange loss due to highly inflationary economies | 1.3 | — | 2.1 | — |
| Charges related to the Novipax settlement agreement | 59.0 | — | 59.0 | — |
| (Income) charges related to acquisition and divestiture activity | (0.5) | 7.0 | 3.2 | 17.8 |
| Loss (gain) from class-action litigation settlement | — | 0.1 | — | (12.6) |
| Other Special Items[ii] | 7.3 | 1.7 | 14.7 | 1.9 |
| **Pre-tax impact of Special Items** | **117.7** | **15.5** | **153.7** | **24.6** |
| Tax impact of Special Items and Tax Special Items[iii] | (17.9) | 3.6 | (26.0) | 287.9 |
| **Net impact of Special Items** | **$ 99.8** | **$ 19.1** | **$ 127.7** | **$ 312.5** |
| **Weighted average number of common shares outstanding - Diluted** | **155.3** | **160.6** | **155.3** | **162.5** |
| **Loss per share impact from Special Items** | **$ (0.64)** | **$ (0.12)** | **$ (0.82)** | **$ (1.92)** |

(i) Other restructuring associated costs for three and six months ended June 30, 2019, primarily relate to fees paid to third-party consultants in support of Reinvent SEE and costs related to property consolidations resulting from Reinvent SEE.
(ii) Other Special Items for the three and six months ended June 30, 2019, primarily included fees related to professional services.
(iii) Refer to note 1 to the table below for a description of Special Items related to tax.

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

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| U.S. GAAP Earnings before income tax provision from continuing operations | $ 37.8 | $ 116.8 | $ 132.5 | $ 230.3 |
| Pre-tax impact of Special Items | 117.7 | 15.5 | 153.7 | 24.6 |
| Non-U.S. GAAP Adjusted Earnings before income tax provision from continuing operations | $ 155.5 | $ 132.3 | $ 286.2 | $ 254.9 |
| | | | | |
| U.S. GAAP Income tax provision from continuing operations | $ 12.3 | $ 33.5 | $ 42.7 | $ 355.0 |
| Tax Special Items[1] | (10.9) | (6.7) | (11.7) | (293.9) |
| Tax impact of Special Items | 28.8 | 3.1 | 37.7 | 6.0 |
| Non-U.S. GAAP Adjusted Income tax provision from continuing operations | $ 30.2 | $ 29.9 | $ 68.7 | $ 67.1 |
| | | | | |
| U.S. GAAP Effective income tax rate | 32.5% | 28.7% | 32.2% | 154.1% |
| Non-U.S. GAAP Adjusted income tax rate | 19.4% | 22.6% | 24.0% | 26.3% |

(1) For the three and six months ended June 30, 2019, the Tax Special Items primarily include adjustments related to a U.S. audit assessment associated with foreign tax credit utilization in 2011. For the six months ended June 30, 2018, the Tax Special Items included $290 million of provisional tax expense for one-time tax on unrepatriated foreign earnings pursuant to the TCJA. Refer to Note 17, "Income Taxes," of the Notes to Condensed Consolidated Financial Statements for additional information.

**Foreign Currency Translation Impact on Condensed Consolidated Financial Results**

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

The following table presents the approximate favorable or (unfavorable) impact foreign currency translation had on our Condensed Consolidated Financial Results from continuing operations:

| *(In millions)* | Three Months Ended June 30, 2019 | Six Months Ended June 30, 2019 |
|---|---|---|
| Net sales | $ (40.8) | $ (93.6) |
| Cost of sales | 30.4 | 67.6 |
| Selling, general and administrative expenses | 5.0 | 11.5 |
| Net earnings | (1.9) | (8.8) |
| Adjusted EBITDA | (7.0) | (17.1) |

***Net Sales by Geographic Region***

As part of the Company's Reinvent SEE strategy, we have evaluated and made adjustments to our regional operating model. As of January 1, 2019, our geographic regions are: North America, EMEA, South America and APAC. Our North American operations include Canada, the United States, Mexico and Central America. Mexico and Central America were previously included in Latin America.

The following table presents the components of the change in net sales by geographic region for the three and six months ended June 30, 2019 compared with the same period in 2018. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as "constant dollar" and the change in net sales excluding acquisitions and divestitures and the impact of foreign currency translation, a non-U.S. GAAP measure, which we

define as "organic." We believe using constant dollar and organic measures aids in the comparability between periods as it eliminates the volatility of changes in foreign currency exchange rates and eliminates large fluctuations due to acquisitions or divestitures.

| | Three Months Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In millions)* | North America | | EMEA | | South America | | APAC | | Total | |
| 2018 Net Sales | $ 660.2 | *57.2 %* | $ 262.5 | *22.7 %* | $ 55.3 | *4.8 %* | $ 177.2 | *15.3 %* | $ 1,155.2 | |
| Price | (2.7) | (0.4)% | 0.7 | 0.3 % | 13.7 | 24.8 % | 0.2 | 0.1 % | 11.9 | 1.0 % |
| Volume[1] | 10.9 | 1.6 % | (1.4) | (0.6)% | 2.9 | 5.2 % | (7.1) | (4.0)% | 5.3 | 0.5 % |
| Total organic change (non-U.S. GAAP) | 8.2 | 1.2 % | (0.7) | (0.3)% | 16.6 | 30.0 % | (6.9) | (3.9)% | 17.2 | 1.5 % |
| Acquisition | 21.3 | 3.3 % | — | — % | — | — % | 8.1 | 4.6 % | 29.4 | 2.5 % |
| Total constant dollar change (non-U.S. GAAP) | 29.5 | 4.5 % | (0.7) | (0.3)% | 16.6 | 30.0 % | 1.2 | 0.7 % | 46.6 | 4.0 % |
| Foreign currency translation | (1.1) | (0.2)% | (15.2) | (5.8)% | (15.7) | (28.4)% | (8.8) | (5.0)% | (40.8) | (3.5)% |
| **Total change (U.S. GAAP)** | **28.4** | **4.3 %** | **(15.9)** | **(6.1)%** | **0.9** | **1.6 %** | **(7.6)** | **(4.3)%** | **5.8** | **0.5 %** |
| **2019 Net Sales** | **$ 688.6** | *59.3 %* | **$ 246.6** | *21.2 %* | **$ 56.2** | *4.8 %* | **$ 169.6** | *14.6 %* | **$ 1,161.0** | |

| | Six Months Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In millions)* | North America | | EMEA | | South America | | APAC | | Total | |
| 2018 Net Sales | $ 1,299.2 | *56.8 %* | $ 520.4 | *22.8 %* | $ 114.3 | *5.0 %* | $ 352.3 | *15.4 %* | $ 2,286.2 | |
| Price | 6.0 | 0.4 % | 2.2 | 0.4 % | 28.5 | 24.9 % | 0.3 | 0.1 % | 37.0 | 1.6 % |
| Volume[1] | (2.9) | (0.2)% | (4.4) | (0.8)% | 2.8 | 2.5 % | (6.5) | (1.9)% | (11.0) | (0.5)% |
| Total organic change (non-U.S. GAAP) | 3.1 | 0.2 % | (2.2) | (0.4)% | 31.3 | 27.4 % | (6.2) | (1.8)% | 26.0 | 1.1 % |
| Acquisitions | 42.6 | 3.3 % | — | — % | — | — % | 12.5 | 3.6 % | 55.1 | 2.4 % |
| Total constant dollar change (non-U.S. GAAP) | 45.7 | 3.5 % | (2.2) | (0.4)% | 31.3 | 27.4 % | 6.3 | 1.8 % | 81.1 | 3.5 % |
| Foreign currency translation | (4.1) | (0.3)% | (35.8) | (6.9)% | (34.6) | (30.3)% | (19.1) | (5.4)% | (93.6) | (4.0)% |
| **Total change (U.S. GAAP)** | **41.6** | **3.2 %** | **(38.0)** | **(7.3)%** | **(3.3)** | **(2.9)%** | **(12.8)** | **(3.6)%** | **(12.5)** | **(0.5)%** |
| **2019 Net Sales** | **$ 1,340.8** | *59.0 %* | **$ 482.4** | *21.2 %* | **$ 111.0** | *4.9 %* | **$ 339.5** | *14.9 %* | **$ 2,273.7** | |

(1) Our volume reported above includes the net impact of changes in unit volume as well as the period-to-period change in the mix of products sold.

***Net Sales by Segment***

The following table presents the components of change in net sales by reportable segment for the three and six months ended June 30, 2019 compared with the same period in 2018. We also present the change in net sales excluding the impact of foreign currency translation, a non-U.S. GAAP measure, which we define as “constant dollar” and the change in net sales excluding the impact of foreign currency translation and acquisitions and divestitures, a non-U.S. GAAP measure, which we define as "organic." We believe using constant dollar and organic measures aids in the comparability between periods as it eliminates the volatility of changes in foreign currency exchange rates and eliminations large fluctuations due to acquisitions or divestitures.

| | Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Food Care | | Product Care | | Total Company | |
| 2018 Net Sales | $ 713.0 | *61.7 %* | $ 442.2 | *38.3 %* | $ 1,155.2 | |
| Price | 9.5 | 1.3 % | 2.4 | 0.5 % | 11.9 | 1.0 % |
| Volume[1] | 16.7 | 2.4 % | (11.4) | (2.5)% | 5.3 | 0.5 % |
| Total organic change (non-U.S. GAAP) | 26.2 | 3.7 % | (9.0) | (2.0)% | 17.2 | 1.5 % |
| Acquisitions | 3.0 | 0.4 % | 26.4 | 5.9 % | 29.4 | 2.5 % |
| Total constant dollar change (non-U.S.GAAP) | 29.2 | 4.1 % | 17.4 | 3.9 % | 46.6 | 4.0 % |
| Foreign currency translation | (31.2) | (4.4)% | (9.6) | (2.1)% | (40.8) | (3.5)% |
| **Total change (U.S. GAAP)** | **(2.0)** | **(0.3)%** | **7.8** | **1.8 %** | **5.8** | **0.5 %** |
| | | | | | | |
| **2019 Net Sales** | **$ 711.0** | ***61.2 %*** | **$ 450.0** | ***38.8 %*** | **$ 1,161.0** | |

| | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Food Care | | Product Care | | Total Company | |
| 2018 Net Sales | $ 1,409.3 | *61.6 %* | $ 876.9 | *38.4 %* | $ 2,286.2 | |
| Price | 30.5 | 2.1 % | 6.5 | 0.7 % | 37.0 | 1.6 % |
| Volume[1] | 19.5 | 1.4 % | (30.5) | (3.4)% | (11.0) | (0.5)% |
| Total organic change (non-U.S. GAAP) | 50.0 | 3.5 % | (24.0) | (2.7)% | 26.0 | 1.1 % |
| Acquisitions | 3.0 | 0.3 % | 52.1 | 5.9 % | 55.1 | 2.4 % |
| Total constant dollar change (non-U.S.GAAP) | 53.0 | 3.8 % | 28.1 | 3.2 % | 81.1 | 3.5 % |
| Foreign currency translation | (71.3) | (5.1)% | (22.3) | (2.5)% | (93.6) | (4.0)% |
| **Total change (U.S. GAAP)** | **(18.3)** | **(1.3)%** | **5.8** | **0.7 %** | **(12.5)** | **(0.5)%** |
| | | | | | | |
| **2019 Net Sales** | **$ 1,391.0** | *61.2 %* | **$ 882.7** | *38.8 %* | **$ 2,273.7** | |

(1) Our volume reported above includes the net impact of changes in unit volume as well as the period-to-period change in the mix of products sold.

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

***Food Care***

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

As reported, net sales decreased $2 million, or less than 1% in 2019 compared with 2018. On a constant dollar basis, net sales increased $29 million, or 4% in 2019 compared with 2018 primarily due to the following:

- higher volume of $17 million, primarily in North America;
- favorable price impact of $9 million, primarily in South America driven by US dollar-based indexed price, partially offset in North America; and
- contributions from acquisition activity of $3 million.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

As reported, net sales decreased $18 million, or 1%, in 2019 compared to 2018. On a constant dollar basis, net sales increased $53 million, or 4%, in 2019 compared with 2018 primarily due to the following:

- favorable price impact of $30 million, primarily in South America, driven by US dollar-based indexed pricing;
- higher volume of $20 million, particularly in North America with positive volume trends also in South America and APAC, slightly offset by EMEA; and
- contributions from acquisition activity of $3 million.

***Product Care***

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

As reported, net sales increased $8 million, or 2%, in 2019 as compared to 2018. On a constant dollar basis, net sales increased $17 million, or 4%, in 2019 compared with 2018 primarily due to the following:

- $26 million related to an increase in sales due to the AFP acquired business; and
- favorable price impact of $2 million, primarily in North America.

These were partially offset by:

- lower volume of $11 million across all regions.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

As reported, net sales increased $6 million, or 1%, in 2019 as compared to 2018. On a constant dollar basis, net sales increased $28 million, or 3%, in 2019 compared with 2018 primarily due to the following:

- $52 million related to an increase in sales due to the AFP acquired business; and
- favorable price impact of $7 million, primarily in North America.

These were partially offset by:

- lower volume of $31 million, primarily in North America and APAC.

**Cost of Sales**

Cost of sales for the three and six months ended June 30, 2019 and 2018 were as follows:

| | Three Months Ended June 30, | | % | Six Months Ended June 30, | | % |
|---|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Net sales | $ 1,161.0 | $ 1,155.2 | 0.5 % | $ 2,273.7 | $ 2,286.2 | (0.5)% |
| Cost of sales | 782.7 | 791.7 | (1.1)% | 1,530.2 | 1,548.7 | (1.2)% |
| As a % of net sales | 67.4% | 68.5% | | 67.3% | 67.7% | |

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

As reported, cost of sales decreased by $9 million, or 1%, in 2019 compared to 2018. Cost of sales was impacted by favorable foreign currency translation of $30 million. As a percentage of net sales, cost of sales decreased by 110 basis points, from 68.5% for the three months ended June 30, 2018 to 67.4% for the three months ended June 30, 2019, primarily due to Reinvent SEE initiatives, including productivity improvements and restructuring savings and lower input costs.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

As reported, cost of sales decreased by $19 million, or 1%, in 2019 compared to 2018. Cost of sales was impacted by favorable foreign currency translation of $68 million. As a percentage of net sales, cost of sales decreased by 40 basis points, from 67.7% for the six months ended June 30, 2018 to 67.3% for the six months ended June 30, 2019, primarily due improvements resulting from our Reinvent SEE initiatives, including productivity improvements and restructuring savings, as well as lower input costs.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses ("SG&A") for the three and six months ended June 30, 2019 and 2018 are included in the table below.

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | % Change | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 | % Change |
|---|---|---|---|---|---|---|
| Selling, general and administrative expenses | $ 266.2 | $ 192.8 | 38.1% | $ 478.3 | $ 386.8 | 23.7% |
| As a % of net sales | 22.9% | 16.7% | | 21.0% | 16.9% | |

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

As reported, SG&A expenses increased by $73 million, or 38%, in 2019 compared to 2018. SG&A expenses were impacted by favorable foreign currency translation of $5 million. On a constant dollar basis, SG&A expenses increased approximately $78 million, or 40%. The increase is a result of a $59 million charge recorded in the second quarter in connection with a preliminary settlement agreement with Novipax (pursuant to which the Company would make a one-time cash payment as well as enter into a supply agreement under which it would continue to purchase materials from Novipax for a specified period), as well as restructuring associated costs primarily with our Reinvent SEE program. These expenses were partially offset by cost savings resulting from our Reinvent SEE program.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

As reported, SG&A expenses increased by $92 million, or 24%, in 2019 as compared to 2018. SG&A expenses were impacted by favorable foreign currency translation of approximately $12 million. On a constant dollar basis, SG&A expenses increased approximately $104 million, or 27%. The increase is a result of a $59 million charge related to the preliminary settlement agreement with Novipax as well as restructuring associated primarily with our Reinvent SEE program. These expenses were partially offset by cost savings resulting from our Reinvent SEE program.

**Amortization Expense of Intangible Assets Acquired**

Amortization expense of intangible assets acquired for the three and six months ended June 30, 2019 and 2018 were as follows:

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | % Change | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 | % Change |
|---|---|---|---|---|---|---|
| Amortization expense of intangible assets acquired | $ 4.4 | $ 3.4 | 29.4% | $ 9.0 | $ 7.3 | 23.3% |
| As a % of net sales | 0.4% | 0.3% | | 0.4% | 0.3% | |

The increase in amortization expense of intangibles for the three and six months ended June 30, 2019 was primarily related to the acquisition of AFP.

**Reinvent SEE Strategy and Restructuring Activities**

See Note 12, “Restructuring Activities,” of the Notes to Condensed Consolidated Financial Statements for additional details regarding each of the Company’s restructuring programs discussed below, restructuring plan’s accrual, spending and other activity for the six months ended June 30, 2019.

In December 2018, our Board of Directors approved a three-year restructuring program (“New Program”) to drive total annualized savings by the end of 2021 in the range of $215 to $235 million. The total cash cost of the New Program is estimated to be in the range of $190 to $220 million, which will be incurred primarily in 2019 and 2020.

Sealed Air combined the New Program with its existing restructuring program (“Program”) which was largely related to the elimination of stranded costs. The Program is estimated to generate incremental cost savings of $240 million to $260 million by the end of 2021. For the six months ended June 30, 2019, the Program generated incremental cost savings of $32

related to reductions in operating costs, $29 million related to restructuring actions and $14 million related to actions impacting price cost spread.

The actual timing of future costs and cash payments related to the Program described above are subject to change due to a variety of factors that may cause a portion of the costs, spending and benefits to occur later than expected. In addition, changes in foreign exchange rates may impact future costs, spending, benefits and cost synergies.

**Interest Expense, net**

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

Interest expense, net for the three and six months ended June 30, 2019 and 2018 was as follows:

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Interest expense on our various debt instruments: | | | | | | |
| Term Loan A due July 2023[1] | $ 2.1 | $ 2.4 | $ (0.3) | $ 4.3 | $ 4.7 | $ (0.4) |
| Revolving credit facility due July 2023[1] | 0.3 | 0.6 | (0.3) | 0.7 | 1.2 | (0.5) |
| 6.50% Senior Notes due December 2020 | 7.1 | 7.0 | 0.1 | 14.1 | 14.0 | 0.1 |
| 4.875% Senior Notes due December 2022 | 5.4 | 5.3 | 0.1 | 10.8 | 10.7 | 0.1 |
| 5.25% Senior Notes due April 2023 | 5.8 | 5.7 | 0.1 | 11.6 | 11.5 | 0.1 |
| 4.50% Senior Notes due September 2023 | 5.2 | 5.4 | (0.2) | 10.4 | 11.1 | (0.7) |
| 5.125% Senior Notes due December 2024 | 5.6 | 5.6 | — | 11.2 | 11.2 | — |
| 5.50% Senior Notes due September 2025 | 5.6 | 5.6 | — | 11.2 | 11.2 | — |
| 6.875% Senior Notes due July 2033 | 7.7 | 7.7 | — | 15.5 | 15.5 | — |
| Other interest expense | 4.6 | 4.6 | — | 9.0 | 8.7 | 0.3 |
| Less: capitalized interest | (2.1) | (1.5) | (0.6) | (3.9) | (3.7) | (0.2) |
| Less: interest income | (4.1) | (3.9) | (0.2) | (6.8) | (9.6) | 2.8 |
| **Total** | **$ 43.2** | **$ 44.5** | **$ (1.3)** | **$ 88.1** | **$ 86.5** | **$ 1.6** |

[1] On July 12, 2018, the Company and certain of its subsidiaries entered into the Third Amended and Restated Credit Agreement. On August 1, 2019, the Company and certain of its subsidiaries entered into amendment No. 2 to the Third Amended and Restated Agreement. See Note 13, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial Statements for further details.

**Other Income (Expense), net**

***Brazil Tax Credits***

Cryovac Brasil Ltda., a Sealed Air subsidiary, received a final decision from the Brazilian court regarding a claim in which Sealed Air contended that certain indirect taxes paid were calculated on an incorrect amount. As a result of this case, the Company expects to receive credits on indirect tax payments in future periods. During the second quarter of 2019, the Company filed a return claim for the tax years of 2015 through 2018; as such, the Company has recorded $4.8 million to other income (expense), net on the Condensed Consolidated Statements of Operations. The Company is currently working on documentation and a claim for the tax years of 2010 through 2014. The Company may be able to claim an overpayment of indirect taxes paid as far back as 2002. Subsequent claims may result in material future credits related to prior periods; however, these amounts cannot be estimated at this time. The Company will record income for future credits once the amounts are realizable.

See Note 21, “Other Income (Expense), net,” of the Notes to Condensed Consolidated Financial Statements for additional components of other income (expense), net.

**Income Taxes**

Our effective income tax rate for the three and six months ended June 30, 2019 was 33% and 32%, respectively. The Company expects its effective tax rate related to continuing operations for the remainder of 2019 to be approximately 31% based on its projected mix of earnings, although the actual effective tax rate could vary from the anticipated rate as a result of many factors, including but not limited to the following:

- The actual mix of earnings by jurisdiction could fluctuate from the Company's projection;
- The tax effects of discrete items, including accruals related to tax contingencies, the resolution of worldwide tax matters, tax audit settlements, statute of limitations expirations and changes in tax regulations, which are reflected in the period in which they occur; and
- Any future legislative changes, and any related additional tax optimization efforts to address these changes.

Due to the uncertainty in predicting these items, it is possible that the actual effective tax rate used for financial reporting purposes will change in future periods.

Our effective income tax rate for the three and six months ended June 30, 2018 was 29% and 154%, respectively. In comparison to the U.S. statutory rate of 21%, the Company's effective tax rate was negatively impacted primarily by the Transition Tax and GILTI provisions associated with the TCJA. Tax expense reflected $290 million of discrete expense for the provisional tax estimate under SAB 118 related to the one-time mandatory tax on previously deferred foreign earnings of U.S subsidiaries under TCJA.

Our effective income tax rate depends upon the realization of our net deferred tax assets. We have deferred tax assets related to accruals not yet deductible for tax purposes, state and foreign net operating loss carryforwards and investment tax allowances, employee benefit items, and other items.

The U.S. Internal Revenue Service is currently auditing the 2011-2014 consolidated U.S. federal income tax returns of the Company. Included in the audit of the 2014 return is the examination by the IRS with respect to the Settlement agreement deduction and the related carryback to tax years 2004-2012. The outcome of the examination may require us to make a significant payment.

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

The decrease in valuation allowances for the three and six months ended June 30, 2019 was $8 million. The change in valuation allowances for the three and six months ended June 30, 2018 was not material.

We reported a net increase in unrecognized tax benefits in the three and six months ended June 30, 2019 of $8 million and $10 million, respectively, primarily related to an audit assessment in the U.S. and interest accruals on existing positions. Interest and penalties on tax assessments are included in income tax expense. We reported a net decrease in unrecognized tax benefits in the three months and six months ended June 30, 2018 of $11 million and $14 million, respectively, primarily related to statute of limitations lapses in foreign jurisdictions.

**Net Earnings (Loss) from Continuing Operations**

Net earnings (loss) from continuing operations for the three and six months ended June 30, 2019 and 2018 are included in the table below.

| | Three Months Ended June 30, | | % | Six Months Ended June 30, | | % |
|---|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Net earnings (loss) from continuing operations | $ 25.5 | $ 83.3 | (69.4)% | $ 89.8 | $ (124.7) | (172.0)% |

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

For the three months ended June 30, 2019, net earnings was unfavorably impacted by $100 million of Special Items, after tax. Special Items were primarily the result of a $59 million ($44 million, net of taxes) charge related to the Novipax settlement as well as $51 million ($36 million, net of taxes) in restructuring and restructuring associated costs primarily with our Reinvent SEE program.

For the three months ended June 30, 2018, net earnings was unfavorably impacted by $19 million of Special Items. Special Items were primarily related to restructuring and other restructuring associated costs of $7 million ($6 million, net of taxes), charges related to the sale of Diversey of $6 million ($5 million, net of taxes) and losses related to acquisition and divestiture activities of $1 million ($1 million net of taxes).

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

For the six months ended June 30, 2019, net earnings was unfavorably impacted by $128 million of Special Items after tax, which were primarily the result of a $59 million ($44 million, net of taxes) charge related to the Novipax settlement as well as $74 million ($55 million, net of taxes) in restructuring and restructuring associated costs primarily with our Reinvent SEE program.

For the six months ended June 30, 2018, net loss was unfavorably impacted by $313 million of Special Items, including $290 million of provisional tax expense for the one-time tax on unrepatriated foreign earnings pursuant to the TCJA. In addition, net loss was unfavorably impacted by Special Items expenses primarily related to restructuring and other restructuring associated costs of $18 million ($14 million, net of taxes), charges related to the sale of Diversey of $13 million ($10 million net of taxes) and losses related to acquisition and divestiture activities of $5 million ($4 million net of taxes), partially offset by gain on class-action litigation proceeds of $13 million ($10 million net of taxes).

**Adjusted EBITDA by Segment**

We allocate and disclose depreciation and amortization expense to our segments, although depreciation and amortization are not included in the segment performance metric Adjusted EBITDA. We also allocate and disclose restructuring charges and impairment of goodwill and other intangible assets by segment, although it is not included in the segment performance metric Adjusted EBITDA since restructuring charges and impairment of goodwill and other intangible assets are categorized as Special Items. The accounting policies of the reportable segments and Corporate are the same as those applied to the Condensed Consolidated Financial Statements.

See Note 6, "Segments," of the Notes to Condensed Consolidated Financial Statements for the reconciliation of U.S. GAAP net earnings (loss) from continuing operations to non-U.S. GAAP Adjusted EBITDA and other segment details.

| | Three Months Ended June 30, | | % | Six Months Ended June 30, | | % |
|---|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Food Care | $ 155.6 | $ 135.4 | 14.9 % | $ 298.5 | $ 270.1 | 10.5% |
| *Adjusted EBITDA Margin* | *21.9%* | *19.0%* | | *21.5%* | *19.2%* | |
| Product Care | 84.0 | 78.5 | 7.0 % | 159.0 | 156.9 | 1.3% |
| *Adjusted EBITDA Margin* | *18.7%* | *17.8%* | | *18.0%* | *17.9%* | |
| Corporate | (2.9) | 3.6 | (180.6)% | (5.0) | (4.7) | 6.4% |
| **Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations** | **$ 236.7** | **$ 217.5** | **8.8 %** | **$ 452.5** | **$ 422.3** | **7.2%** |
| *Adjusted EBITDA Margin* | *20.4%* | *18.8%* | | *19.9%* | *18.5%* | |

The following is a discussion of the factors that contributed to the change in Adjusted EBITDA by segment.

***Food Care***

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

On a reported basis, Adjusted EBITDA increased $20 million in 2019 as compared to the same period in 2018. Adjusted EBITDA was impacted by unfavorable foreign currency translation of approximately $5 million. On a constant dollar basis, Adjusted EBITDA increased $25 million, or 19%, in 2019 compared with the same period in 2018 primarily due to the impact of:

- Price cost spread of $8 million and restructuring savings of $10 million both of which benefited from our Reinvent SEE actions; and
- Business growth including $6 million from higher volume.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

On a reported basis, Adjusted EBITDA increased $28 million in 2019 as compared to the same period in 2018. Adjusted EBITDA was impacted by unfavorable foreign currency translation of approximately $13 million. On a constant dollar basis, Adjusted EBITDA increased $42 million, or 15%, in 2019 compared with the same period in 2018 primarily due to the impact of:

- Price cost spread of $26 million and restructuring savings of $17 million, both of which benefited from our Reinvent SEE actions; and
- Business growth including $6 million from higher volume.

These were partially offset by:

- Higher operating costs of $7 million, including labor inflation and investment in the business as well as benefits from our Reinvent SEE actions.

***Product Care***

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

On a reported basis, Adjusted EBITDA increased $6 million in 2019 compared to the same period in 2018. Adjusted EBITDA was impacted by unfavorable foreign currency translation of approximately $2 million. On a constant dollar basis, Adjusted EBITDA increased $7 million, or 9%, in 2019 compared with the same period in 2018 primarily as a result of:

- Price cost spread of $11 million and restructuring savings of $7 million, both of which benefited from our Reinvent SEE actions; and
- Contributions from recent acquisitions of $1 million.

These were partially offset by:

- Higher operating costs of $8 million including labor inflation, investment in the business, and non-material manufacturing costs as well as benefits from our Reinvent SEE actions; and
- lower volume of $4 million, primarily driven by economic headwinds, particularly in the industrial sector.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

On a reported basis, Adjusted EBITDA increased $2 million in 2019 as compared to the same period in 2018. Adjusted EBITDA was impacted by unfavorable foreign currency translation of approximately $4 million. On a constant dollar basis, Adjusted EBITDA increased $6 million, or 4%, in 2019 compared with the same period in 2018 primarily as a result of:

- Price cost spread of $15 million and restructuring savings of $11 million, both benefited from our Reinvent SEE actions; and
- Contributions from recent acquisitions of $1 million.

These was partially offset by:

- Higher operating costs of $9 million, including labor inflation, investment in the business, and non-material manufacturing costs as well as benefits from our Reinvent SEE actions; and
- lower volume of $12 million, primarily driven by economic headwinds, particularly in the industrial sector.

***Corporate***

*Three Months Ended June 30, 2019 Compared with the Same Period in 2018*

The increase in Corporate expenses by $7 million in the three months ended June 30, 2019 compared to the same period in 2018 was primarily driven by foreign currency impact and a decrease in income related to some of the closed defined benefit pension plans.

*Six Months Ended June 30, 2019 Compared with the Same Period of 2018*

Corporate Adjusted EBITDA was flat on an as reported basis in the six months ended June 30, 2019 as compared with the same period in 2018.

**Reconciliation of U.S. GAAP Net Earnings (Loss) from Continuing Operations to non-U.S. GAAP Total Company Adjusted EBITDA**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| **Net earnings (loss) from continuing operations** | **$ 25.5** | **$ 83.3** | **$ 89.8** | **$ (124.7)** |
| Interest expense, net | 43.2 | 44.5 | 88.1 | 86.5 |
| Income tax provision | 12.3 | 33.5 | 42.7 | 355.0 |
| Depreciation and amortization, net of adjustments[1] | 38.0 | 40.7 | 78.2 | 80.9 |
| *Special Items:* | | | | |
| Restructuring charges[2] | 29.3 | 7.1 | 36.7 | 15.7 |
| Other restructuring associated costs[3] | 21.3 | (0.4) | 38.0 | 1.8 |
| Foreign currency exchange loss due to highly inflationary economies | 1.3 | — | 2.1 | — |
| Charges related to the Novipax settlement agreement | 59.0 | — | 59.0 | — |
| (Income) charges related to acquisition and divestiture activity | (0.5) | 7.0 | 3.2 | 17.8 |
| Loss (gain) from class-action litigation settlement | — | 0.1 | — | (12.6) |
| Other Special Items[4] | 7.3 | 1.7 | 14.7 | 1.9 |
| Pre-tax impact of Special Items | 117.7 | 15.5 | 153.7 | 24.6 |
| **Non-U.S. GAAP Total Company Adjusted EBITDA from continuing operations** | **$ 236.7** | **$ 217.5** | **$ 452.5** | **$ 422.3** |

(1) Depreciation and amortization by segment is as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Food Care | $ 25.0 | $ 27.2 | $ 51.2 | $ 54.1 |
| Product Care | 13.1 | 13.6 | 28.0 | 27.1 |
| **Total Company depreciation and amortization[i]** | **38.1** | **40.8** | **79.2** | **81.2** |
| Depreciation and amortization adjustments | (0.1) | (0.1) | (1.0) | (0.3) |
| **Depreciation and amortization, net of adjustments** | **$ 38.0** | **$ 40.7** | **$ 78.2** | **$ 80.9** |

(i) Includes share-based incentive compensation of $5 million and $13 million for the three and six months ended June 30, 2019, respectively, and $8 million and $15 million for the three and six months ended June 30, 2018, respectively.

(2) Restructuring charges by segment were as follows:

| *(In millions)* | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Food Care | $ 18.6 | $ 1.5 | $ 22.4 | $ 6.1 |
| Product Care | 10.7 | 5.6 | 14.3 | 9.6 |
| **Total Company restructuring charges** | **$ 29.3** | **$ 7.1** | **$ 36.7** | **$ 15.7** |

(3) Other restructuring associated costs for three and six months ended June 30, 2019, primarily relate to fees paid to third-party consultants in support of Reinvent SEE and costs related to property consolidations resulting from Reinvent SEE.
(4) Other Special Items for the three and six months ended June 30, 2019, primarily included fees related to professional services.

**Liquidity and Capital Resources**

**Principal Sources of Liquidity**

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

As of June 30, 2019, we had cash and cash equivalents of $222 million, of which approximately $167 million, or 75%, was located outside of the U.S. As of June 30, 2019, cash trapped outside of the U.S was not material. Our U.S. cash balances and committed liquidity facilities available to U.S. borrowers were sufficient to fund our U.S. operating requirements and capital expenditures, current debt obligations and dividends. The Company does not expect that in the near term cash located outside of the U.S. will be needed to satisfy its obligations, dividends and other demands for cash in the U.S.

***Cash and Cash Equivalents***

The following table summarizes our accumulated cash and cash equivalents:

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | $ 222.2 | $ 271.7 |

See "Analysis of Historical Cash Flow" below.

***Accounts Receivable Securitization Programs***

At June 30, 2019 we had $137 million available to us under the U.S. and European programs of which we had $79 million borrowed under the European program. At December 31, 2018, we had $150 million available to us under the programs of which we had $84 million borrowed under the European program. See Note 10, "Accounts Receivable Securitization Programs," of the Notes to Condensed Consolidated Financial Statements for information concerning these programs.

***Lines of Credit***

At June 30, 2019 and December 31, 2018, we had a $1.0 billion revolving credit facility and had $178 million and $140 million of outstanding borrowings under the facility, respectively. In July 2018, we amended and restated our senior secured credit facility, including the revolving credit facility. In August 2019, the Company and certain of its subsidiaries entered into amendment No. 2 to the Third Amended and Restated Agreement. See Note 13, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial Statements for further details.

There was $9 million outstanding under various lines of credit extended to our subsidiaries at June 30, 2019 and December 31, 2018. See Note 13, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial Statements for further details.

***Covenants***

At June 30, 2019, we were in compliance with our financial covenants and limitations, as discussed in "Covenants" of Note 13, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial Statements for further details.

***Debt Ratings***

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

| | Moody's Investor Services | Standard & Poor's |
|---|---|---|
| Corporate Rating | Ba2 | BB+ |
| Senior Unsecured Rating | Ba3 | BB+ |
| Senior Secured Credit Facility Rating | Baa3 | BBB- |
| Outlook | Stable | Stable |

These credit ratings are considered to be below investment grade (with the exception of the Baa3 and BBB- Senior Secured Credit Facility Rating from Moody's Investor Services and Standard & Poor's, respectively, which are classified as investment grade). If our credit ratings are downgraded, there could be a negative impact on our ability to access capital markets and borrowing costs could increase. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

***Outstanding Indebtedness***

At June 30, 2019 and December 31, 2018, our total debt outstanding consisted of the amounts set forth in the following table.

| *(In millions)* | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Short-term borrowings | $ 265.3 | $ 232.8 |
| Current portion of long-term debt | 31.6 | 4.9 |
| Total current debt | 296.9 | 237.7 |
| Total long-term debt, less current portion[(1)] | 3,291.7 | 3,236.5 |
| Total debt | 3,588.6 | 3,474.2 |
| Less: Cash and cash equivalents | (222.2) | (271.7) |
| **Net Debt** | **$ 3,366.4** | **$ 3,202.5** |

(1) Amounts are net of unamortized discounts and debt issuance costs of $22 million as June 30, 2019 and $24 million as of December 31, 2018.

See Note 13, "Debt and Credit Facilities," of the Notes to Condensed Consolidated Financial Statements for further details.

***Analysis of Historical Cash Flow***

The following table shows the changes in our Condensed Consolidated Statements of Cash Flows in the six months ended June 30, 2019 and 2018.

| | Six Months Ended June 30, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Net cash provided by operating activities | $ 169.3 | $ 36.6 |
| Net cash used in investing activities | (124.4) | (80.8) |
| Net cash used in financing activities | (98.2) | (362.7) |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | 3.8 | (7.0) |

In addition to net cash provided by operating activities, we use free cash flow as a useful measure of performance and as an indication of the strength and ability of our operations to generate cash. We define free cash flow as cash provided by operating activities less capital expenditures (which is classified as an investing activity). Free cash flow is not defined under U.S. GAAP. Therefore, free cash flow should not be considered a substitute for net income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure. We historically have generated the majority of our annual free cash flow in the second half of the year. Below are the details of free cash flow for the six months ended June 30, 2019 and 2018:

| | Six Months Ended June 30, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | Change |
| Cash flow provided by operating activities | $ 169.3 | $ 36.6 | $ 132.7 |
| Capital expenditures | (94.5) | (73.7) | (20.8) |
| **Free cash flow[1]** | **$ 74.8** | **$ (37.1)** | **$ 111.9** |

(1) Free cash flow was $(5) million in the six months ended June 30, 2018 excluding the payment of charges related to the sale of Diversey and efforts to address related stranded costs of $33 million.

***Net Cash Provided by Operating Activities***

***Six Months Ended June 30, 2019***

Net cash provided by operating activities of $169 million in the six months ended June 30, 2019 was primarily attributable to:

- $91 million of net earnings, as well as $90 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities primarily including depreciation and amortization, share-based incentive compensation expenses and profit sharing expenses; and
- $52 million of changes in other liabilities and assets balances. This activity reflects timing of accrued liabilities including accrued restructuring, taxes payable and various other liabilities including the accrued settlement to Novipax.

These were partially offset by:

- $63 million of changes in working capital, including an increase in inventory reflecting the timing of raw material purchases as well as a decrease to accounts payable.

***Six Months Ended June 30, 2018***

Net cash provided by operating activities of $37 million in the six months ended June 30, 2018 was primarily attributable to:

- $73 million change in tax payable/receivable balances. This activity reflects an increase of provisional tax expense for the one-time tax on unrepatriated foreign earnings pursuant to the TCJA.

These were partially offset by:

- $86 million of net loss, which was offset by $122 million of non-cash adjustments to reconcile net earnings to net cash provided by operating activities, primarily attributable to an increase in deferred taxes, depreciation and amortization, share-based incentive compensation expenses and profit sharing expenses;
- $58 million of changes in working capital, as a result of an increase in inventory partially offset by increases in accounts payable and a decrease in net trade receivables. This activity reflects the timing of inventory purchases and an increase in inventory stock due to an increase in sales year over year; and
- $14 million of changes in other liabilities and assets. This activity primarily reflects a one-time payment in lieu of certain future royalty payments and the timing of incentive compensation payments.

***Net Cash Used in Investing Activities***

***Six Months Ended June 30, 2019***

Net cash used in investing activities of $124 million in the six months ended June 30, 2019 primarily consisted of the following:

- capital expenditures of $95 million;
- $23 million for acquisition activity during the quarter; and
- $7 million related to settlements of foreign currency forward contracts and other investing activity.

***Six Months Ended June 30, 2018***

Net cash used in investing activities of $81 million in the six months ended June 30, 2018 primarily consisted of the following:

- capital expenditures of $74 million;
- an increase in cost method investments of $8 million; and

These were partially offset by:

- $8 million related to proceeds from the sale of businesses and working capital adjustments for acquisitions.

***Net Cash Used in Financing Activities***

***Six Months Ended June 30, 2019***

Net cash used in financing activities of $98 million in the six months ended June 30, 2019 was primarily due to the following:

- repurchases of common stock of $67 million;
- payments of quarterly dividends of $50 million; and
- netting of common stock for tax withholding obligations relating to stock-based compensation of $11 million.

These factors were partially offset by:

- an increase in net proceeds from borrowings of $29 million primarily due to draws on our local lines of credit for use of working capital as well as new lease activity.

***Six Months Ended June 30, 2018***

Net cash used in financing activities of $363 million in the six months ended June 30, 2018 was primarily due to the following:

- repurchases of common stock of $408 million;
- payments of quarterly dividends of $54 million; and
- acquisition of common stock for tax withholding obligations relating to stock-based compensation of $6 million.

These factors were partially offset by:

- an increase in borrowings of $106 million primarily due to an increase in borrowings under our accounts receivable securitization programs.

***Changes in Working Capital***

| *(In millions)* | June 30, 2019 | December 31, 2018 | Change |
|---|---|---|---|
| Working capital (current assets less current liabilities) | $ (10.8) | $ 66.2 | $ (77.0) |
| Current ratio (current assets divided by current liabilities) | 1.0x | 1.0x | |
| Quick ratio (current assets, less inventories divided by current liabilities) | 0.6x | 0.7x | |

The $77 million, or 116%, decrease in working capital reflected:

- a decrease in cash and cash equivalents of $50 million related primarily to investing and financing activities, including the payment of dividends and repurchases of our common stock, partially offset by cash generated from operations;
- an increase in current portion of long-term debt of $27 million and short-term borrowings of $33 million due to the recognition of operating leases resulting from the adoption of ASU 2016-02 and a net increase in borrowings under our revolving credit facility and accounts receivable securitization programs; and
- an increase in other current liabilities of $32 million, reflecting the timing of accrued liabilities including the accrued settlement payment to Novipax, taxes payable and various other liabilities.

These were partially offset by increases in current assets, the largest of which is:

- an increase in inventories, net of $51 million due to the timing of inventory purchases and an inventory stock build to meet forecasted demand as well as an increase in safety stock

***Changes in Stockholders' Deficit***

The $7 million, or 2%, decrease in stockholders' deficit in the six months ended June 30, 2019 was primarily due to the following:

- net earnings of $91 million;
- stock issued for profit sharing contribution paid in stock of $22 million;
- miscellaneous less material impacts including cumulative translation adjustment of $6 million, effect of share-based incentive compensation of $3 million, recognition of pension items, net of taxes of $2 million and unrealized gains on derivative instruments of $1 million.

These were partially offset by:

- a net increase in shares held in treasury of $67 million; and
- dividends paid and accrued on our common stock of $50 million.

We repurchased approximately 1.6 million shares of our common stock in the six months ended June 30, 2019 for $67 million. See Note 19, "Stockholders' Deficit," of the Notes to Condensed Consolidated Financial Statements for further details.

***Derivative Financial Instruments***

*Interest Rate Swaps*

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," of the Notes to Condensed Consolidated Financial Statements under the caption "Interest Rate Swaps" is incorporated herein by reference.

*Net Investment Hedge*

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," of the Notes to Condensed Consolidated Financial Statements under the caption "Net Investment Hedge" is incorporated herein by reference.

*Other Derivative Instruments*

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, "Derivatives and Hedging Activities," of the Notes to Condensed Consolidated Financial Statements under the caption "Other Derivative Instruments" is incorporated herein by reference.

*Foreign Currency Forward Contracts*

At June 30, 2019, we were party to foreign currency forward contracts, which did not have a significant impact on our liquidity.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Foreign Currency Forward Contracts,” is incorporated herein by reference. For further discussion about these contracts and other financial instruments, see Part I, Item 3, “Quantitative and Qualitative Disclosures about Market Risk.”

**Recently Issued Statements of Financial Accounting Standards, Accounting Guidance and Disclosure Requirements**

We are subject to numerous recently issued statements of financial accounting standards, accounting guidance and disclosure requirements. Note 2, “Recently Adopted and Issued Accounting Standards,” of the Notes to Condensed Consolidated Financial Statements which is contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, describes these new accounting standards and is incorporated herein by reference.

**Critical Accounting Policies and Estimates**

There have been no material changes in our critical accounting policies and estimates from those disclosed in our 2018 Form 10-K with the exception of the adoption of ASU 2016-02 which is discussed further in Note 4, "Leases," of the Notes to Condensed Consolidated Financial Statements. For a discussion of our critical accounting policies and estimates, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in Part II, Item 7 of our 2018 Form 10-K.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk from changes in the conditions in the global financial markets, interest rates, foreign currency exchange rates and commodity prices and the creditworthiness of our customers and suppliers, which may adversely affect our Condensed Consolidated Financial Condition and Results of Operations. We seek to minimize these risks through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not purchase, hold or sell derivative financial instruments for trading purposes.

**Interest Rates**

From time to time, we may use interest rate swaps, collars or options to manage our exposure to fluctuations in interest rates. At June 30, 2019, we had no outstanding interest rate swaps, collars or options.

The information set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q in Note 14, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements under the caption “Interest Rate Swaps,” is incorporated herein by reference.

See Note 15, “Fair Value Measurements and Other Financial Instruments,” of the Notes to Condensed Consolidated Financial Statements for details of the methodology and inputs used to determine the fair value of our fixed rate debt. The fair value of our 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. A hypothetical 10% increase in interest rates would result in a decrease of $59 million in the fair value of the total debt balance at June 30, 2019. These changes in the fair value of our fixed rate debt do not alter our obligations to repay the outstanding principal amount or any related interest of such debt.

**Foreign Exchange Rates**

***Operations***

As a large global organization, we face exposure to changes in foreign currency exchange rates. These exposures may change over time as business practices evolve and could materially impact our Condensed Consolidated Financial Condition and Results of Operations in the future. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” above for the impacts foreign currency translation had on our operations.

***Argentina***

Recent economic events in Argentina have continued to expose us to heightened levels of foreign currency exchange risks. As of July 1, 2018, Argentina's economy was designated as a hyper-inflationary economy. For the three and six months ended June 30, 2019, we recognized a net foreign currency exchange loss of $1 million and $2 million, respectively, within Foreign currency exchange loss due to highly inflationary economies on the Condensed Consolidated Statements of Operations, primarily related to the designation of Argentina as a highly inflationary economy under U.S GAAP. See Note 1, "Organization and Basis of Presentation," of the Notes to Condensed Consolidated Financial Statements for additional information. As of June 30, 2019, 1% of our consolidated net sales were derived from products sold in Argentina and net assets include $3 million of cash and cash equivalents. Also, as of June 30, 2019, our Argentina subsidiaries had a negative cumulative translation adjustment balance of $24 million.

***Russia***

The U.S. and the European Union (EU) have imposed sanctions on various sectors of the Russian economy and on transactions with certain Russian nationals and entities. Russia has also announced economic sanctions against the U.S. and other nations that include a ban on imports of certain products. These sanctions are not expected to have a material impact on our business as much of the operations in Russia support local production; however, they may limit the amount of future business the Company does with customers involved in activities in Russia. However, as of June 30, 2019, we do not anticipate these events will have a material impact to our 2019 result of operations. As of June 30, 2019, 2% of our consolidated net sales were derived from products sold into Russia and net assets include $13 million of cash and cash equivalents. Also, as of June 30, 2019, our Russian subsidiaries had a negative cumulative translation adjustment balance of $28 million.

***Brazil***

Recent economic events in Brazil, including the increase in the benchmark interest rate set by the Brazilian Central Bank, have exposed us to heightened levels of foreign currency exchange risks. However, as of June 30, 2019, we do not anticipate these events will have a material impact on our 2019 results of operations. As of June 30, 2019, 3% of our consolidated net sales were derived from products sold into Brazil and net assets include $5 million of cash and cash equivalents. Also, as of June 30, 2019, our Brazil subsidiaries had a negative cumulative translation adjustment balance of $32 million.

***United Kingdom***

The United Kingdom is in the process of exiting the European Union, which has been delayed but is currently scheduled to occur in 2019 (referred to as "Brexit"). Although the final terms of the withdrawal are not yet known, we continue to assess the risk and impact of the United Kingdom's exit from the European Union on our operations, controls, and financial performance.

Brexit may impact the way we currently serve our customers in the United Kingdom and in Ireland, as we expect the United Kingdom's exit from the European Union to reduce efficiencies associated with serving customers in these countries from a central location. We are monitoring our processes as well as operating and legal entity structure to continue to efficiently address changes that may arise from Brexit including: customs processing and clearance, transit and logistics time and potential updates to terms and conditions present within our customer contracts. We continue to monitor inventory levels including any incremental stock that may be required to minimize disruptions to our business and our customers' business.

Brexit may require us to tighten credit controls that will have adverse impact on our sales and bad debt expense. Continued devaluation of the Sterling will have a negative impact on our financial results reported in US Dollar. However, as of June 30, 2019, we do not anticipate these events will have a material impact on our 2019 results of operations. As of June 30, 2019, 3% of our consolidated net sales were derived from products sold into the United Kingdom and net assets include $2 million of cash and cash equivalents. Also, as of June 30, 2019, our United Kingdom subsidiaries had a negative cumulative translation adjustment balance of $32 million.

A large concentration of the Company's defined benefit plans is in the United Kingdom. Approximately 35% of the Company's projected benefit obligation and 45% of defined benefit plan assets are in the United Kingdom as of December 31, 2018. Market volatility could have a negative impact on both our plan assets and our benefit obligations. We believe that the market and associated impacts on the value of our plan assets and assumptions used to determine the projected benefit obligation reflect the uncertainties related to Brexit. The Company and the Plans' Trustees have employed de-risking strategies in the defined benefit asset portfolios to reduce market volatility risk, interest rate risk and future cash flow risk. Our defined

benefit assets in the United Kingdom are diversified between international equities, fixed income investments, and insurance buy-in contracts which all help mitigate market volatility risk.

We have deployed a cross-functional project team working to mitigate the impact and risk associated with Brexit. We continue to monitor the progress of the final terms of the United Kingdom's exit from the European Union along with associated impacts to our business.

***Foreign Currency Forward Contracts***

We use foreign currency forward contracts to fix the amounts payable or receivable on some transactions denominated in foreign currencies. A hypothetical 10% adverse change in foreign exchange rates at June 30, 2019 would have caused us to pay approximately $52 million to terminate these contracts. Based on our overall foreign exchange exposure, we estimate this change would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Our foreign currency forward contracts are described in Note 14, “Derivatives and Hedging Activities,” of the Notes to Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q which is incorporated herein by reference.

***Net Investment Hedge***

The €400.0 million 4.50% notes issued in June 2015 are designated as a net investment hedge, hedging a portion of our net investment in a certain European subsidiary against fluctuations in foreign exchange rates. The change in the translated value of the debt was $5 million as of June 30, 2019 and is reflected in long-term debt on our Condensed Consolidated Balance Sheets.

In March 2015, we entered into a series of cross-currency swaps with a combined notional amount of $425 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. As a result of the sale of Diversey, we terminated these cross-currency swaps in September 2017 and settled these swaps in October 2017. The fair value of the swaps on the date of termination was a liability of $62 million which was partially offset by semi-annual interest settlements of $18 million. This resulted in a net impact of $(44) million which is recorded in AOCL.

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, settlements and changes in fair values of the derivative instruments are recognized in unrealized net gains or loss on derivative instruments for net investment hedge, a component of accumulated other comprehensive loss, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other income (expense), net on the Condensed Consolidated Statements of Operations.

***Other Derivative Instruments***

We may use other derivative instruments from time to time to manage exposure to foreign exchange rates and to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency.

***Outstanding Debt***

Our outstanding debt is generally denominated in the functional currency of the borrower or in euros as is the case with the issuance of €400 million of 4.50% senior notes due 2023. We believe that this enables us to better match operating cash flows with debt service requirements and to better match the currency of assets and liabilities. The amount of outstanding debt denominated in a functional currency other than the U.S. dollar was $621 million at June 30, 2019 and $590 million at December 31, 2018.

***Customer Credit***

We are exposed to credit risk from our customers. In the normal course of business, we extend credit to our customers if they satisfy pre-defined credit criteria. We maintain an allowance for doubtful accounts for estimated losses resulting from the failure of our customers to make required payments. An additional allowance may be required if the financial condition of our customers deteriorates. The allowance for doubtful accounts is maintained at a level that management assesses to be appropriate to absorb estimated losses in the accounts receivable portfolio.

Our customers may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Our provision for bad debt expense was $1 million and $2 million for the three and six months ended June 30, 2019, respectively, and less than $1 million and $1 million for the three and six months ended June 30, 2018, respectively. The allowance for doubtful accounts was $10 million and $9 million at June 30, 2019 and December 31, 2018, respectively.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that our employees accumulate this information and communicate it to our management, including our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as appropriate, to allow timely decisions regarding the required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only "reasonable assurance" of achieving the desired control objectives, and management necessarily must apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under Rule 13a-15. Our management, including our Chief Executive Officer and Chief Financial Officer, supervised and participated in this evaluation. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the "reasonable assurance" level.

**Changes in Internal Control over Financial Reporting**

There has not been any change in our internal control over financial reporting during the six months ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

The information set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 18, "Commitments and Contingencies," which is incorporated herein by reference. See also Part I, Item 3, "Legal Proceedings," of our 2018 Form 10-K, as subsequently updated by our Quarterly Reports on Form 10-Q, as well as the information incorporated by reference in that item.

The Company has received from the staff of the SEC subpoenas for documents and requests for information in connection with the SEC's previously disclosed investigation. Those subpoenas and requests seek documents and information regarding the Company's accounting for income taxes, its financial reporting and disclosures, the process by which the Company selected its independent audit firm beginning with fiscal year 2015, the independence of that audit firm, and other matters.

Following the announcement on June 20, 2019 that the Company had terminated the employment of William G. Stiehl as Chief Financial Officer, the Company received a Grand Jury subpoena from the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") seeking documents relating to that termination and relating to the process by which the Company selected its independent audit firm beginning with fiscal year 2015.

The Company is fully cooperating with the SEC and the U.S. Attorney's Office and cannot predict the outcome or duration of either of those investigations.

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

### Item 1A. Risk Factors.

There have been no significant changes to our risk factors since December 31, 2018, with the exception of an additional risk factor related to the ongoing investigations by the U.S. Department of Justice and the SEC.

***We are involved in ongoing investigations by the U.S. Department of Justice and U.S. Securities and Exchange Commission, the results of which could adversely impact our business and results of operations and our ability to comply with certain obligations imposed by federal securities laws and other applicable rules.***

The Company has received from the staff of the SEC subpoenas for documents and requests for information in connection with the SEC's previously disclosed investigation. Those subpoenas and requests seek documents and information regarding the Company's accounting for income taxes, its financial reporting and disclosures, the process by which the Company selected its independent audit firm beginning with fiscal year 2015, the independence of that audit firm, and other matters. The Company has also received a Grand Jury subpoena from the U.S. Attorney's Office seeking documents relating to the termination of our former CFO and relating to the process by which the Company selected its independent audit firm beginning with fiscal year 2015.

The Company is fully cooperating with the SEC and the U.S. Attorney's Office. However, we cannot predict the outcome or duration of either of those investigations and there can be no guarantee as to the amount of internal and external resources we may need to devote to responding to any further requests we may receive from the SEC and/or the U.S. Attorney's Office. In addition, if the SEC and/or the U.S. Attorney's Office were to charge the Company with violations, we could potentially be subject to fines, penalties or other adverse consequences, and our business and financial condition could be adversely impacted. Furthermore, any determination that the Company's audit firm was not independent could require that certain of our historical financial statements be re-audited by a new independent registered public accounting firm which could affect our ability to comply with certain reporting obligations imposed by federal securities laws.

For a discussion of our risk factors, please refer to Part I, Item 1A, "Risk Factors," of our 2018 Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

The table below sets forth the total number of shares of our common stock, par value $0.10 per share, that we repurchased in each month of the quarter ended June 30, 2019, the average price paid per share and the maximum approximate dollar value of shares that may yet be purchased under our publicly announced plans or programs.

| Period | Total Number of Shares Purchased [1] | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Announced Plans or Programs | Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| | (a) | (b) | (c) | (d) |
| Balance as of March 31, 2019 | | | | $ 757,246,697 |
| April 1, 2019 through April 30, 2019 | 9,194 | $ — | — | 757,246,697 |
| May 1, 2019 through May 31, 2019 | 1,166,362 | $ 42.98 | 1,154,047 | 707,648,181 |
| June 1, 2019 through June 30, 2019 | 12,310 | $ — | — | 707,648,181 |
| **Total** | **1,187,866** | | **1,154,047** | **$ 707,648,181** |

(1) On July 9, 2015, the Board of Directors authorized a stock repurchase program to repurchase up to $1.5 billion of the Company's issued and outstanding common stock. This program replaced the previous stock repurchase program approved in August 2007. On March 25, 2017, the Board of Directors authorized up to an additional $1.5 billion of repurchases of the Company's outstanding common stock under such program. Additionally, on May 2, 2018, the Board of Directors increased the share repurchase program authorization to $1.0 billion. This new program has no expiration date and replaced the previous authorizations. We from time to time acquire shares by means of (i) open market transactions, including through plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and privately negotiated transactions, including accelerated share repurchase programs, pursuant to our publicly announced program described above, (ii) shares withheld from awards under our Omnibus Incentive Plan pursuant to the provision thereof that permits tax withholding obligations or other legally required charges to be satisfied by having us withhold shares from an award under that plan and (iii) shares reacquired pursuant to the forfeiture provision of our Omnibus Incentive Plan. We report price calculations in column (b) in the table above only for shares purchased as part of our publicly announced program, when applicable. For shares withheld for minimum tax withholding obligations or other legally required charges, we withhold shares at a price equal to their fair market value. We do not make payments for shares reacquired by the Company pursuant to the forfeiture provision of the Omnibus Incentive Plan as those shares are simply forfeited.

| Period | Shares withheld for tax obligations and charges | Average withholding price for shares in column (a) | Forfeitures under Omnibus Incentive Plan | Total |
|---|---|---|---|---|
| | (a) | (b) | (c) | (d) |
| April 2019 | 2,016 | $ 45.95 | 7,178 | 9,194 |
| May 2019 | 1,262 | $ 46.62 | 11,053 | 12,315 |
| June 2019 | 2,658 | $ 45.65 | 9,652 | 12,310 |
| **Total** | **5,936** | | **27,883** | **33,819** |

**Item 6. Exhibits**

| Exhibit Number | Description |
|---|---|
| 3.1 | Unofficial Composite Amended and Restated Certificate of Incorporation of the Company as currently in effect. (Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-108544, is incorporated herein by reference.) |
| 3.2 | Amended and Restated By-Laws of the Company as currently in effect. (Exhibit 3.1 to the Company's Current Report on Form 8-K, Date of Report February 15, 2017, File No. 1-12139, is incorporated herein by reference.) |
| 10.1 | Equity Purchase Agreement, dated as of April 30, 2019, by and between the Company, Automated Packaging Systems, Inc. and the Seller Parties named therein. |
| 10.2 | Offer Letter Agreement, dated June 20, 2019, between James M. Sullivan and Sealed Air Corporation. (Exhibit 10.1 to the Company's Current Report on Form 8-K, Date of Report June 19, 2019, File No. 1-12139, is incorporated herein by reference.)* |
| 31.1 | Certification of Edward L. Doheny II pursuant to Rule 13a-14(a), dated August 2, 2019. |
| 31.2 | Certification of James M. Sullivan pursuant to Rule 13a-14(a), dated August 2, 2019. |
| 32 | Certification of Edward L. Doheny II and James M. Sullivan, pursuant to 18 U.S.C. § 1350, dated August 2, 2019. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |

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

**SIGNATURE**

Pursuant to the requirements 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

Date: August 2, 2019

By: /s/ James M. Sullivan
James M. Sullivan
Chief Financial Officer

**Exhibit 10.1**

# EQUITY PURCHASE AGREEMENT

**AMONG**

**SEALED AIR CORPORATION**

("Buyer")

**AND**

**AUTOMATED PACKAGING SYSTEMS, INC.**

(the "Company")

**AND**

**THE**
**SELLER PARTIES**

April 30, 2019

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# EQUITY PURCHASE AGREEMENT

THIS EQUITY PURCHASE AGREEMENT (this "Agreement") is entered into as of the 30th day of April, 2019, among Sealed Air Corporation, a Delaware corporation ("Buyer"), Automated Packaging Systems, Inc., an Ohio corporation (the "Company"), APS Holding Company, Inc., an Ohio corporation (the "Seller"), each of the Persons identified in Section 4.2(a) of the Disclosure Letter (each, a "Stockholder," and collectively with the Seller, the "Seller Parties"), and the Seller, in its capacity as Sellers' Representative ("Sellers' Representative").

RECITALS:

Prior to the execution of this Agreement, the Stockholders formed the Seller and caused the Seller to make an election to be taxed as an "S Corporation." Following the execution of this Agreement, the following transactions will occur in the order set forth herein: (1) the Stockholders will contribute all of the shares of capital stock in the Company to the Seller (with the result that the Company will become taxed as a "qualified subchapter S subsidiary" for federal and applicable state and local income Tax purposes); and (2) the Company will convert from an Ohio corporation to an Ohio limited liability company and change its name to Automated Packaging Systems, LLC (for the avoidance of doubt, all references in this Agreement to the Company shall include Automated Packaging Systems, Inc. and its successor Automated Packaging Systems, LLC unless expressly provided otherwise). Polyrol Packaging Systems, Inc. will also convert from an Ohio corporation to an Ohio limited liability company and change its name to Polyrol Packaging Systems, LLC. The transactions described in the preceding sentences shall, collectively, be referred to as the "Pre-Closing Transactions."

Immediately after the occurrence of the Pre-Closing Transactions and continuing until the Closing, (i) the Stockholders will collectively hold all of the outstanding equity of the Seller and (ii) the Seller will own all of the outstanding equity of the Company, comprised of 100% of the issued and outstanding limited liability company interests of the Company (the "LLC Interests").

Buyer will purchase from the Seller, and the Seller will sell to Buyer, the LLC Interests, upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer, the Company, the Seller Parties and Sellers' Representative, intending to be legally bound, hereby agree as set forth herein.

## ARTICLE 1

## Definitions

1.1 Definitions. Certain terms used in this Agreement have the meanings set forth in Article 10, or elsewhere herein as indicated in Article 10.

1.2 Accounting Terms. Accounting terms used in this Agreement and not otherwise defined herein have the meanings attributed to them under GAAP, except as may otherwise be specified herein.

## ARTICLE 2

## Purchase and Sale

2.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties, covenants and agreements set forth in this Agreement, at the Closing, the Seller shall sell, assign, transfer and deliver to Buyer, free and clear of any Liens, and Buyer shall purchase and acquire from the Seller, all of the Seller's right, title and interest in and to all of the LLC Interests.

2.2 Purchase Price. The aggregate purchase price (the "Purchase Price") for all of the LLC Interests is an amount equal to:

(a) Five Hundred Ten Million Dollars ($510,000,000);

(b) plus an amount equal to the Closing Cash;

(c) minus an amount equal to the Closing Indebtedness;

(d) plus the amount, if any, by which the Closing Working Capital exceeds the Working Capital Target, or minus the amount, if any, by which the Working Capital Target exceeds the Closing Working Capital;

(e) minus an amount equal to the Transaction Bonuses; and

(f) minus an amount equal to the Selling Expenses.

2.3 Estimated Purchase Price; Payments at the Closing.

(a) At least five (5) Business Days before the anticipated Closing Date, the Company will estimate in good faith the amount of the Closing Cash, the Closing Indebtedness, the Closing Working Capital, the Transaction Bonuses and the Selling Expenses, respectively, and deliver to Buyer a certificate (the "Closing Certificate") setting forth those estimates and the calculation of the Estimated Purchase Price, along with reasonable supporting detail, the estimates and calculations to be prepared in a manner consistent with the Accounting Policies and in accordance with the applicable definitions in this Agreement. With respect to amounts of Closing Cash, Closing Indebtedness, Selling Expenses, Transaction Bonuses and Closing Working Capital appearing on the Closing Certificate that may otherwise be expressed in a currency other than U.S. dollars, the parties agree that, in converting such amounts to U.S. dollars for inclusion on the Closing Certificate, the FX Rate will be used as of three (3) Business Days prior to the Closing Certificate Delivery Date. As used herein, "Estimated Closing Cash," "Estimated Closing Indebtedness," "Estimated Closing Working Capital," "Estimated Transaction Bonuses" and "Estimated Selling Expenses" mean the estimates of the Closing Cash,

the Closing Indebtedness, the Closing Working Capital, the Transaction Bonuses and the Selling Expenses, respectively, set forth in the Closing Certificate, and "Estimated Purchase Price" means an amount equal to the Purchase Price calculated as set forth in Section 2.2, assuming for purposes of the calculation that the Closing Cash is equal to the Estimated Closing Cash, that the Closing Indebtedness is equal to the Estimated Closing Indebtedness, that the Closing Working Capital is equal to the Estimated Closing Working Capital, that the Transaction Bonuses are equal to the Estimated Transaction Bonuses and that the Selling Expenses are equal to the Estimated Selling Expenses.

(b) During the period between the delivery of the Closing Certificate and the Closing Date, at the reasonable request of Buyer, the Seller and Sellers' Representative will, and will cause the Acquired Companies to, cause the books and records of the Acquired Companies used by the Company in the preparation of the Closing Certificate to be made available during normal business hours to Buyer and its representatives, upon reasonable advance notice. The Seller and Sellers' Representative shall consider in good faith any comments from Buyer and shall revise the Closing Certificate to reflect any such comments that are agreed among the parties (and, in any event, shall revise the Closing Certificate to correct any manifest or clerical error); provided, that (i) for the avoidance of doubt, the Seller and Sellers' Representative shall not be under any obligation to revise the Closing Certificate except as specifically set forth above, and (ii) any failure of Buyer to comment on the Closing Certificate prior to the Closing Date shall not preclude Buyer from exercising any other rights under this Agreement. For the avoidance of doubt, payment by Buyer of any amount set forth in the Closing Certificate shall not be deemed to be an acceptance by Buyer of the Company's calculations in the Closing Certificate or waiver of any of Buyer's rights under this Agreement.

(c) Subject to the terms and conditions of this Agreement, at the Closing, Buyer shall pay and deliver, or cause to be paid and delivered, the following amounts by wire transfer of immediately available funds into the account or accounts designated by each of the following recipients (which accounts are designated at least five (5) Business Days prior to the Closing Date):

(i) the Estimated Purchase Price, less the sum of the Adjustment Escrow Amount and the Sellers' Representative Holdback Amount (the "Closing Cash Payment"), to the Seller by means of a wire transfer to an account as directed by Sellers' Representative (the "Sellers' Account");

(ii) the Sellers' Representative Holdback Amount to the Sellers' Account, to be held by Sellers' Representative for a term determined by Sellers' Representative, in Sellers' Representative's reasonable discretion, to fund any post-Closing fees, expenses or other obligations of the Seller Parties or Sellers' Representative in connection with the transactions contemplated by this Agreement (for the avoidance of doubt, the Sellers' Representative Holdback Amount shall not be held on behalf of Buyer and shall be deemed, for all purposes, to have been paid by Buyer to the Seller at the Closing);

(iii) the Adjustment Escrow Amount to the Escrow Agent, to be held pursuant to the terms of this Agreement and the Escrow Agreement;

(iv) the Estimated Closing Indebtedness of the Acquired Companies identified in Section 2.3(c)(iv) of the Disclosure Letter (collectively, the "Repaid Closing Indebtedness"), on behalf of the Acquired Companies, to the Persons entitled thereto (or, at the Company's written direction, to an Acquired Company for payment to the Persons entitled thereto);

(v) the Estimated Selling Expenses, on behalf of the Acquired Companies, to the Persons entitled thereto (or, at the Company's written direction, to an Acquired Company for payment to the Persons entitled thereto); and

(vi) the Estimated Transaction Bonuses, on behalf of the Acquired Companies, to an Acquired Company for payment to the Persons entitled thereto.

2.4 Post-Closing Adjustment.

2.4.1 Adjustment Statement Preparation. Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers' Representative an adjustment statement setting forth Buyer's written, good faith determination and calculation of the amount of the Closing Cash, the Closing Indebtedness, the Closing Working Capital, the Transaction Bonuses and the Selling Expenses, respectively (the "Preliminary Adjustment Statement"), and, based on the Closing Cash, the Closing Indebtedness, the Closing Working Capital, the Transaction Bonuses and the Selling Expenses as derived therefrom, Buyer's written, good faith determination and calculation of the Purchase Price and the adjustment necessary to reconcile the Estimated Purchase Price to the Purchase Price (the "Preliminary Post-Closing Adjustment"). The Preliminary Adjustment Statement and the Final Adjustment Statement will be prepared in a manner consistent with the Accounting Policies and in accordance with the applicable definitions in this Agreement. With respect to amounts of Closing Cash, Closing Indebtedness, Selling Expenses, Transaction Bonuses and Closing Working Capital appearing on the Preliminary Adjustment Statement and the Final Adjustment Statement that may otherwise be expressed in a currency other than U.S. dollars, the parties agree that, in converting such amounts to U.S. dollars for inclusion on the Preliminary Adjustment Statement and the Final Adjustment Statement, the FX Rate will be used as of one (1) Business Day prior to the Closing Date. In preparing the Preliminary Adjustment Statement: (a) any and all effects on the assets or liabilities of any of the Acquired Companies of any financing or refinancing arrangements entered into by Buyer at any time on or after the Closing Date are to be entirely disregarded; (b) it will be assumed that the Acquired Companies and their respective lines of business are continued as a going concern; and (c) none of the plans, transactions or changes that Buyer intends to initiate or make or cause to be initiated or made after the Closing Date with respect to any of the Acquired Companies or its or their respective business or assets, or any facts or circumstances that are unique or particular to Buyer or any assets or liabilities of Buyer, or any obligation for the payment of the Purchase Price will be taken into account.

2.4.2 Adjustment Statement Review. Sellers' Representative, on behalf of all of the Seller Parties, will review the Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment and, if Sellers' Representative determines that either was not prepared in accordance with Section 2.4.1, Sellers' Representative will so notify Buyer in writing no later than thirty (30) days after Sellers' Representative's receipt of the Preliminary Adjustment Statement, setting forth in the notice Sellers' Representative's objection or objections to the Preliminary Adjustment Statement or the Preliminary Post-Closing Adjustment with reasonable particularity and the adjustments that Sellers' Representative claims are required to be made in order to conform to the terms of Section 2.4.1, together with reasonable supporting detail for Sellers' Representative's objection or objections and related adjustments. Any items or amounts not specifically indicated in such written notice delivered to Buyer by Sellers' Representative will be deemed to have been irrevocably accepted by Sellers' Representative and will be final and binding on the parties. Buyer will cause the Acquired Companies and their respective officers, employees, agents and representatives to provide reasonable cooperation with the accountants and advisors of the Seller (including Sellers' Representative) in the review of the Preliminary Adjustment Statement and, without limiting the generality of the foregoing, will cause the books and records of the Acquired Companies used by the Acquired Companies in the preparation of the Preliminary Adjustment Statement to be made available during normal business hours to these representatives, and will cause the necessary personnel of the Acquired Companies to reasonably assist these representatives in their review of the Preliminary Adjustment Statement, including by granting them reasonable access to the applicable books and records of the Acquired Companies, in each case, upon reasonable advance notice. The fees and expenses of the accountants and advisors retained by Sellers' Representative will be paid by Sellers' Representative.

2.4.3 Adjustment Statement Dispute Resolution. If Sellers' Representative timely notifies Buyer in accordance with Section 2.4.2 of an objection to the Preliminary Adjustment Statement or the Preliminary Post-Closing Adjustment, and if Buyer and Sellers' Representative are unable to resolve any disputed items or amounts through good faith negotiations within thirty (30) days after Sellers' Representative's delivery of the written notice of objection, then either party may elect to have the parties engage and submit any such remaining disputed items or amounts to, and the same will be finally resolved in accordance with the provisions of this Agreement by, Deloitte LLP, or if this firm is unable or unwilling to act, another nationally recognized, independent, public accounting firm mutually agreed upon by Sellers' Representative and Buyer in writing (which does not have any material relationship with Buyer, the Seller or Sellers' Representative) (the "Independent Accountants"). Buyer and Sellers' Representative will have the opportunity to present in writing their positions on the disputed matters to the Independent Accountants in accordance with the requirements of this Section 2.4. The Independent Accountants will determine and report in writing to Buyer and Sellers' Representative as to the resolution (and the basis for such resolution) of all disputed matters submitted to the Independent Accountants (including its determination of the Final Adjustment Statement, Final Post-Closing Adjustment and the components thereof, in each case to the extent in dispute) and the effect of its determinations on the Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment within twenty (20) days after the submission or a longer period as the Independent Accountants may reasonably require. The

determinations by the Independent Accountants will be final, binding and conclusive as to Buyer, the Seller Parties, Sellers' Representative and their respective Affiliates upon which a judgment may be rendered by a court having proper jurisdiction over the party against which the determination is to be enforced. With respect to each disputed item, the Independent Accountants will adopt a position that is either equal to Buyer's proposed position, equal to Sellers' Representative's proposed position, or between the positions proposed by Buyer and Sellers' Representative. The fees and disbursements of the Independent Accountants will be borne by the party (i.e., Sellers' Representative (on behalf of the Seller Parties), on the one hand, and Buyer, on the other hand) that assigned an aggregate amount to items in dispute that was, on a net basis, furthest in amount from the amount finally determined by the Independent Accountants. The Independent Accountants shall include the apportionment of its fees and disbursements in its report to Buyer and Sellers' Representative.

2.4.4 Actuarial Adjustment.

(a) Within 14 days (or such longer period as agreed between Buyer and Seller) following the triggering of the wind-up of the Automated Packaging Systems Pension Plan as required under Section 8.6.3, the Seller shall deliver to Buyer a statement of the assets and liabilities of the Automated Packaging Systems Pension Plan obtained from the actuary for the Automated Packaging Systems Pension Plan (the "Pension Plan Actuary"), by reference to the annuity buy out cost for all beneficiaries of such Plan in respect of their full entitlements, taking into account all legal and trust requirements, in all cases in accordance with section 75 and 75A of the Pensions Act 1995, as amended (the "Actuarial Statement"). Upon Buyer's request, the Seller shall provide any independent actuary designated by Buyer (the "Buyer's Actuary") with the Actuarial Statement and any information necessary to calculate the assets and liabilities of the Automated Packaging Systems Pension Plan in accordance with section 75 and 75A of the Pensions Act 1995, as amended. The Seller shall ensure that the Pension Plan Actuary liaises with the Buyer's Actuary to respond to any queries raised by the Buyer's Actuary before the Pension Plan Actuary certifies the debt due under section 75 and 75A of the Pensions Act, as amended. For the avoidance of doubt, the Seller and Buyer shall ensure that the foregoing process coincides with the Final Post-Closing Adjustment; provided, that, in no event shall the Final Post-Closing Adjustment be completed until the Actuarial Statement is deemed final by the Pension Plan Actuary.

(b) The Actuarial Statement, as finally approved by the Pension Plan Actuary following its liaisons with the Buyer's Actuary, shall be final, conclusive and binding on the Seller and Buyer and shall conclusively determine the amount of Closing Indebtedness in relation to the annuity buy-out cost of the Automated Packaging Systems Pension Plan. In the event of any disagreement between the parties, either party may refer the matter to an independent actuary appointed by the President of the Institute and Faculty of Actuaries who shall determine the dispute between the parties. Each party shall bear its own costs, but the cost of the independent actuary shall be paid in equal proportions by the Seller and Buyer.

2.4.5 Final Adjustment Statement and Final Post-Closing Adjustment. The Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment will become the

"Final Adjustment Statement" and the "Final Post-Closing Adjustment," respectively, and will become final, binding and conclusive upon Buyer, the Seller, Sellers' Representative and their respective Affiliates for all purposes of this Agreement, upon the earliest to occur of the following:

(a) the mutual acceptance by Buyer and Sellers' Representative of the Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment, respectively, with the changes or adjustments, if any, as may be proposed by Sellers' Representative and consented to by Buyer in writing;

(b) the expiration of thirty (30) days after Sellers' Representative's receipt of the Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment, respectively, without timely written objection by Sellers' Representative in accordance with Section 2.4.2; or

(c) the determination by the Independent Accountants of the Final Adjustment Statement, the Final-Post-Closing Adjustment and the components thereof in accordance with Section 2.4.3.

2.4.6 Adjustment of Purchase Price.

(a) If the Purchase Price, as finally determined in accordance with this Section 2.4, is greater than the Estimated Purchase Price, then (i) Buyer will pay the amount of the Final Post-Closing Adjustment to Sellers' Representative for the benefit of the Seller by means of a wire transfer of immediately available funds to the Sellers' Account and (ii) Buyer and Sellers' Representative will deliver joint written instructions to the Escrow Agent directing the Escrow Agent to disburse the Adjustment Escrow Amount to the Sellers' Account in accordance with the terms of the Escrow Agreement.

(b) If the Purchase Price, as finally determined in accordance with this Section 2.4, is less than the Estimated Purchase Price, then Buyer and Sellers' Representative will deliver joint written instructions to the Escrow Agent directing the Escrow Agent to disburse the amount of the Final Post-Closing Adjustment to Buyer from the Adjustment Escrow Amount in accordance with the terms of the Escrow Agreement; provided, that (i) if the Final Post-Closing Adjustment is less than the Adjustment Escrow Amount, Buyer and Sellers' Representative will direct the Escrow Agent to disburse the balance of the Adjustment Escrow Amount to the Sellers' Account and (ii) if the Final Post-Closing Adjustment exceeds the Adjustment Escrow Amount, the amount by which the Final Post-Closing Adjustment exceeds the Adjustment Escrow Amount will be paid by Sellers' Representative (on behalf of the Seller Parties) to Buyer by means of a wire transfer of immediately available funds to an account designated by Buyer; provided, that, except in the case of Fraud, the ESOP Trust's liability for its pro rata portion of such amount shall be limited to and only payable from the Sellers' Representative Holdback Amount.

(c) If the Purchase Price, as finally determined in accordance with this Section 2.4, is equal to the Estimated Purchase Price, then Buyer and Sellers' Representative will

deliver joint written instructions to the Escrow Agent directing the Escrow Agent to disburse the Adjustment Escrow Amount to the Sellers' Account in accordance with the terms of the Escrow Agreement.

(d) All payments due and payable pursuant to this Section 2.4.6 will be made no later than two (2) Business Days after the Preliminary Adjustment Statement and the Preliminary Post-Closing Adjustment become the Final Adjustment Statement and the Final Post-Closing Adjustment, respectively, pursuant to Section 2.4.5. For Tax purposes, any payment by Buyer or the Seller Parties under this Agreement will be treated as an adjustment to the Purchase Price unless a contrary treatment is required by Law.

2.4.7 Payment to the Seller. Upon payment by (or at the direction of) Buyer to the Seller of any amounts required to be delivered to the Seller in accordance with this Agreement: (a) such payments shall constitute full payment of such then-due amounts, in complete satisfaction of Buyer's payment obligations to the Seller with respect thereto; (b) Buyer shall have no obligation or responsibility of any kind or nature to ensure that the Seller invests or properly accounts for the funds received from Buyer or to ensure that the funds are distributed to the Stockholders, or to oversee or otherwise be responsible for distribution or disbursement of such funds; and (c) Buyer shall be released, without further action by any of the parties, from all further payment obligations with respect to such payments.

2.5 Consent to Transactions. Each Seller Party and the Company hereby irrevocably consent to the transfers of the equity interests of the Company contemplated herein and in respect of the Pre-Closing Transactions (and any document entered into in connection with this Agreement or the Pre-Closing Transactions) and irrevocably waive any rights such Person may have arising from or relating to such transfers (including any rights of first refusal, co-sale or similar rights and any rights to receive notices, opinions or similar documentation in advance of or in connection with such transfers or contributions), whether arising under or pursuant to (a) any Organizational Documents of the Company or its Subsidiaries, (b) any buy-sell agreement between the Company and such Person, including any such agreement set forth on Section 2.5 of the Disclosure Letter, (c) applicable Law, or (d) any right it may otherwise have; provided, that this waiver shall not affect any rights any such party hereto may have against the other parties under this Agreement and shall not be effective if the Closing does not occur and this Agreement is terminated in accordance herewith; provided further, that the consents and waivers granted under this Section 2.5 by the ESOP Trustee are conditioned on the receipt by the ESOP Trustee of the Fairness Opinion and the Shareholder Approval Requirement under Section 6.1(f)(xiv) being satisfied.

2.6 Required Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer, the Acquired Companies, Sellers' Representative and the Seller are entitled to deduct and withhold, as the case may be, from the consideration otherwise payable to any Person pursuant to this Agreement any amounts that are required to be deducted and withheld from the consideration under the Code, or any provision of any Tax Law. Buyer and the Acquired Companies will provide Sellers' Representative with reasonable notice of any proposed deduction and withholding prior to making the deduction or withholding and consult in good

faith with Sellers' Representative to reduce or eliminate the amount of the deduction or withholding. To the extent that amounts are withheld, the withheld amounts will be treated for all purposes of this Agreement as having been paid in accordance with this Agreement to the Person in respect of which the deduction and withholding was made, and the withheld amounts will be delivered by Buyer, the Acquired Companies, Sellers' Representative or the Seller, as the case may be, to the applicable Taxing Authority.

## ARTICLE 3

## Representations and Warranties Concerning the Transaction

Except for the information in the Disclosure Letter, each Seller Party represents and warrants to Buyer as of the date hereof and as of the Closing Date (except to the extent that any representation or warranty speaks as of a specific date, in which case it is made only as of such specific date) as follows (with the agreement that no Seller Party makes any representation or warranty in this Article 3 with respect to any other Seller Party):

3.1 Organization, Authority; Capacity and Representation.

(a) If such Seller Party is not an individual, such Seller Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is qualified or registered to do business in each jurisdiction in which the nature of its business or operations would require such qualification or registration, except where the failure to be so qualified or registered would not reasonably be expected to adversely affect the ability of such Seller Party to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Seller Ancillary Agreements. If such Seller Party is a natural person, such Seller Party is of sound mind, has the legal capacity to enter into this Agreement and the Seller Ancillary Agreements to which he or she is a party, has entered into this Agreement and will enter into the Seller Ancillary Agreements to which he or she is a party on his or her own will, and understands the nature of the obligations of him or her under this Agreement and the Seller Ancillary Agreements to which he or she is a party.

(b) The ESOP Trust is a trust duly formed and validly existing and is intended to be a trust that is part of an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code and Section 407(d)(6) of ERISA, and is intended to remain so until converted into a profit sharing plan as provided in Section 8.6.4. The ESOP Trustee has the power and authority to execute and deliver, on behalf of the ESOP Trust, this Agreement and the Seller Ancillary Agreements to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder and under the ESOP Trust, subject to the fulfillment of the requirements of Section 8.6.4. The ESOP Trustee has been duly appointed by the Company to serve as the trustee of the ESOP Trust.

(c) Each Seller Party possesses all requisite legal right, power, authority and capacity (individually, as trustee, or otherwise) to execute, deliver and perform this Agreement, and each other agreement, instrument and document to be executed and delivered by such Seller Party pursuant hereto and in connection with the transactions contemplated hereby (collectively,

the "Seller Ancillary Agreements"), and to consummate the transactions contemplated herein and therein. The execution, delivery and performance by such Seller Party of this Agreement and the Seller Ancillary Agreements and the consummation by such Seller Party of the transactions contemplated hereby and thereby have been duly and validly authorized (by corporate action or otherwise) on the part of such Seller Party.

3.2 Ownership of Shares. Except as set forth in the Organizational Documents (in the case of each Seller Party which is a trust), (a) each Stockholder is the sole beneficial and record owner of, and has good and marketable title to, all of the Stockholder's Respective Shares, free and clear of all Liens (other than restrictions on transfer generally included under applicable federal and state securities Laws) and (b) the Seller (i) at the Closing will be the sole beneficial and record owner of, and will have good and marketable title to, all of the LLC Interests, free and clear of all Liens (other than restrictions on transfer generally included under applicable federal and state securities Laws) and (ii) at the Closing will have the right, authority and power to sell, assign and transfer the LLC Interests in accordance with the terms of this Agreement (subject, with respect to the ESOP, to the satisfaction of any applicable shareholder voting requirements under applicable Law and the Organizational Documents). Other than this Agreement, and the Organizational Documents, there are no outstanding contracts, commitments, understandings, arrangements or restrictions (other than restrictions on transfers generally included under applicable federal and state securities Laws), to which such Seller Party is a party or by which such Seller Party is bound pursuant to which any other Person has any option, warrant or other right to acquire any of the Stockholder's Respective Shares or the LLC Interests, as applicable.

3.3 Execution and Delivery; Enforceability.

(a) This Agreement has been, and each Seller Ancillary Agreement upon delivery will be, duly executed and delivered by such Seller Party and constitutes, or upon the delivery will constitute, the legal, valid and binding obligation of such Seller Party, enforceable in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights or by principles of equity (the "Enforceability Exceptions").

(b) Subject to the fulfillment of the requirements of Section 8.6.4, the execution and delivery by the ESOP Trustee of this Agreement and the Seller Ancillary Agreements to which the ESOP Trust is a party and the consummation by the ESOP Trust of the transactions consummated hereby and thereby (i) does not and will not violate the requirements of ERISA, (ii) is not a nonexempt "prohibited transaction" (within the meaning of Section 4975 of the Code or Section 406 of ERISA), (iii) to the ESOP Trustee's knowledge, is in the best and sole interests of the participants and beneficiaries of the ESOP, and (iv) does not and will not violate or conflict with any provision of the ESOP.

3.4 Noncontravention.

(a) Except for the applicable requirements of the HSR Act (including the HSR Filing), and with respect to the ESOP, the applicable requirements of Section 8.6.4, neither

the execution and delivery of this Agreement or any Seller Ancillary Agreement nor the consummation by such Seller Party of the transactions contemplated hereby or thereby, nor compliance by such Seller Party with any of the provisions hereof or thereof, will: (i) in the case of any Seller Party that is not a natural Person, conflict with or result in a breach of any provisions of the Organizational Documents of the Seller; (ii) violate or result in a violation of, or constitute a default under (whether after the giving of notice, lapse of time or both) any provision of any Law or Order applicable to such Seller Party or by which any properties or assets owned or used by the Seller Party are bound; (iii) result in the creation of any Lien (other than a Permitted Lien) on any property, asset or right of any Acquired Company pursuant to any Contract to which such Seller Party is a party or by which such Seller Party's properties, assets or rights are bound or (iv) violate, conflict with, breach or result in a breach or default (whether after the giving of notice, lapse of time or both) under, give rise to a right of termination, modification or acceleration of any provision of, or require the offering or making of any payment or redemption under, require any notice or approval under, or otherwise adversely affect any rights of such Seller Party under, any Contract to which such Seller Party is a party or by which any of such Seller Party's assets or properties are bound; except in each case to the extent that any such occurrence would not materially delay or impair the ability of such Seller Party to consummate the transactions contemplated by this Agreement.

(b) Except for the applicable requirements of the HSR Act (including the HSR Filing), no consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority is required to be obtained or made by such Seller Party in connection with: (i) the execution, delivery and performance by such Seller Party of this Agreement or any Seller Ancillary Agreement; or (ii) the compliance by such Seller Party with any of the provisions hereof or thereof or the consummation by such Seller Party of the transactions contemplated hereby or thereby.

3.5 Legal Proceedings. There is no Order, and no Proceeding, at Law or in equity, pending or, to the knowledge of such Seller Party, threatened against such Seller Party or any of its properties, assets or operations, which would prevent or materially hinder or delay the consummation of the transactions contemplated by this Agreement or otherwise prevent or materially hinder or delay such Seller Party from complying with the terms and provisions of this Agreement.

3.6 Brokerage. No Person is or will become entitled, by reason of any Contract, arrangement or understanding entered into or made by or on behalf of such Seller Party, to receive any commission, brokerage fee, finder's fee or other similar compensation in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated by this Agreement, other than fees payable to William Blair & Company, L.L.C.

3.7 No Additional Representations. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE 3 OR AS MAY BE SET FORTH IN ANY SELLER ANCILLARY AGREEMENT, AS APPLICABLE, EACH SELLER PARTY EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND

OR NATURE, EXPRESS OR IMPLIED, AS TO ITS STOCKHOLDER'S RESPECTIVE SHARES OR THE LLC INTERESTS, AS APPLICABLE, AND THE CONDITION, VALUE OR QUALITY OF ANY OF THE ACQUIRED COMPANIES OR ANY OF THE ACQUIRED COMPANIES' ASSETS, AND NO SELLER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES TO BUYER REGARDING ANY PROJECTION OR FORECAST REGARDING FUTURE RESULTS OR ACTIVITIES OR THE PROBABLE SUCCESS OR PROFITABILITY OF ANY OF THE ACQUIRED COMPANIES.

## ARTICLE 4

## Representations and Warranties Concerning the Acquired Companies

The Company represents and warrants to Buyer as of the date hereof and as of the Closing Date (except to the extent that any representation or warranty speaks as of a specific date, in which case it is made only as of such specific date) as follows:

4.1 Organization and Good Standing; Authority; Enforceability.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio. After the consummation of the Pre-Closing Transactions, the Company will be a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Ohio. Section 4.1(a) of the Disclosure Letter sets forth a true, correct and complete list of all Subsidiaries of the Company, including the name and jurisdiction of organization or incorporation of each Subsidiary of the Company. Each Subsidiary is duly organized, validly existing and in good standing (or the equivalent thereof) under the laws of the jurisdiction of its organization or incorporation. Each of the Acquired Companies has all requisite power and authority to own and lease its assets and to operate its business as the same are now being owned, leased and operated. Each of the Acquired Companies is duly qualified or licensed to do business as a foreign entity in, and is in good standing in, each jurisdiction in which the nature of its business or its ownership of its properties requires it to be so qualified or licensed, except where the failure to be so qualified or licensed and in good standing would not have a Material Adverse Effect or otherwise materially impair or delay the Company's ability to consummate the transactions contemplated by this Agreement or the Company Ancillary Agreements. Prior to the date hereof, the Company has delivered or Made Available to Buyer a true, correct and complete copy of the Organizational Documents, as currently in effect, for each of the Acquired Companies, and no amendments thereto are pending (except to the extent contemplated by this Agreement). The Organizational Documents of each of the Acquired Companies, as delivered or Made Available to Buyer, are in full force and effect, and no Acquired Company is, and to the Company's Knowledge, no other party is, in violation of any provision thereof.

(b) The Company possesses all requisite legal right, power, authority and capacity (corporate or otherwise) to execute, deliver and perform this Agreement, and each other agreement, instrument and document to be executed and delivered by the Company pursuant hereto and in connection with the transactions contemplated hereby (collectively, the "Company Ancillary Agreements"), and to consummate the transactions contemplated herein and therein.

The execution, delivery and performance by the Company of this Agreement and the Company Ancillary Agreements and the consummation by the Company of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate action on the part of the Company.

(c) This Agreement has been, and each Company Ancillary Agreement upon delivery will be, duly executed and delivered by the Company and constitutes, or upon delivery will constitute, the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as enforcement may be limited by the Enforceability Exceptions.

4.2 Capitalization.

(a) Capitalization of the Company. The total number of shares of capital stock which the Company has the authority to issue is Two Million (2,000,000), all of which are without par value. Of the authorized shares, a total of One Million Four Hundred Seventy Three Thousand Five Hundred Seventy One and 29/100 (1,473,571.29) Voting Common Shares are issued and outstanding (collectively, the "Shares," and each, a "Share"), and the Shares are owned of record by the Stockholders in the respective amounts corresponding to each Stockholder's name as set forth in Section 4.2(a) of the Disclosure Letter. After the consummation of the Pre-Closing Transactions, (x) the Seller will be the sole beneficial and record owner of, and will have good and marketable title to, all of the LLC Interests, free and clear of all Liens (other than restrictions on transfer generally included under applicable federal and state securities Laws); and (y) the Stockholders will own beneficially and of record all of the issued and outstanding shares of stock of the Seller. After the consummation of the Pre-Closing Transactions, all of the LLC Interests will have been duly authorized and validly issued, will be fully paid and nonassessable, and will have been offered, sold and issued in compliance with (i) the Organizational Documents of the Company, (ii) all applicable federal and state securities Laws and (iii) any rights (including preemptive rights, rights of first refusal and similar rights) of any Person under any provision of applicable Law, the Organizational Documents or any agreement to which the Company is a party or by which the Company is bound. Except as set forth in Section 4.2(a) of the Disclosure Letter or as contemplated by the Pre-Closing Transactions: (A) there are no voting trusts, proxies or other agreements or understandings with respect to the voting of any equity of the Company; (B) there does not exist, nor is there outstanding, any right or security granted to, issued to or entered into with any Person to cause the Company to issue, grant or sell any equity of the Company to any Person (including any warrant, stock option, call, preemptive right, convertible or exchangeable obligation, subscription for shares or securities convertible into or exchangeable for shares or securities of the Company, or any other similar right, security, instrument or agreement) and there is no commitment or agreement to grant or issue any such right or security; (C) there is no obligation, contingent or otherwise, of the Company to: (i) repurchase, redeem or otherwise acquire any share or other equity interests of the Company; or (ii) provide funds to, or make any investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of any other Person (other than the other Acquired Companies); and (D) there are no bonds, debentures, notes or other indebtedness which have the right to vote (or which are convertible into, or exchangeable for, securities having the right to vote) on any matters on which

shareholders (or, after the consummation of the Pre-Closing Transactions, the sole member) of the Company are entitled to vote.

(b) Ownership Interests of the Subsidiaries. The authorized, issued and outstanding ownership interests of each Subsidiary are as set forth in Section 4.2(b) of the Disclosure Letter. Except as set forth in Section 4.2(b) of the Disclosure Letter, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any ownership interests of any Subsidiary. There does not exist nor is there outstanding any right or security granted to, issued to, or entered into with, any Person to cause any Subsidiary to issue, grant or sell any ownership interests of that Subsidiary to any Person (including any warrant, option, call, preemptive right, convertible or exchangeable obligation, subscription for ownership interests or securities convertible into or exchangeable for ownership interests of that Subsidiary, or any other similar right, security, instrument or agreement), and there is no commitment or agreement to grant or issue any such right or security. There is no obligation, contingent or otherwise, of any Subsidiary to: (i) repurchase, redeem or otherwise acquire any share of the capital stock or other equity interests of that Subsidiary; or (ii) provide funds to, or make any investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of, any other Person (other than the other Acquired Companies). There are no bonds, debentures, notes or other indebtedness which have the right to vote (or which are convertible into, or exchangeable for, securities having the right to vote) on any matters on which equity owners of any Subsidiary are entitled to vote. The outstanding ownership interests of each Subsidiary are owned by the applicable Acquired Company or other Person, as applicable, as set forth in Section 4.2(b) of the Disclosure Letter, free and clear of any Liens (with respect to the ownership interests owned by an Acquired Company).

4.3 Other Ventures. None of the Acquired Companies owns of record or beneficially any stock, equity or other ownership interest (or any interest convertible into, exercisable for the purchase of or exchangeable for any such equity or similar interest) in any other Person, nor is it a partner or member in, or owner of, any other Person (other than with respect to the ownership of the Subsidiaries by the applicable Acquired Company as set forth in Section 4.2(b) of the Disclosure Letter). To the Company's Knowledge, the India JV does not have any material (individually or in the aggregate) liabilities, Indebtedness or obligation of any kind (absolute, accrued, asserted, liquidated, due, contingent or otherwise), including any guaranty with respect to any liability, Indebtedness or obligation, except (a) as disclosed, reflected or reserved against on the balance sheet attached as Section 4.3 of the Disclosure Letter, (b) as incurred since the date of such balance sheet in the ordinary course of business, and (c) for liabilities set forth in Section 4.3 of the Disclosure Letter.

4.4 Noncontravention.

(a) Except (i) as set forth in Sections 4.4(a) or 4.4(b) of the Disclosure Letter and (ii) for the applicable requirements of the HSR Act (including the HSR Filing), neither the execution and delivery of this Agreement or any of the Company Ancillary Agreements, nor the consummation by the Company of the transactions contemplated hereby or thereby, nor compliance by the Company with any of the provisions hereof or thereof, will: (A) conflict with

or result in a breach of any provisions of the Organizational Documents of any Acquired Company; (B) violate or result in a violation of, or constitute a default under (whether after the giving of notice, lapse of time or both) any provision of any Law or Order applicable to any Acquired Company or by which any properties or assets owned or used by any Acquired Company are bound; (C) result in the creation of any Lien (other than a Permitted Lien) on any property, asset or right of any Acquired Company pursuant to any Contract or Permit to which such Acquired Company is a party or by which such Acquired Company's properties, assets or rights are bound or (D) violate, conflict with, breach or result in a breach or default (whether after the giving of notice, lapse of time or both) under, give rise to a right of termination, modification or acceleration of any provision of, or require the offering or making of any payment or redemption under, require any notice or approval under, or otherwise adversely affect any rights of an Acquired Company under, any Contract or Permit to which such Acquired Company is a party or by which any of such Acquired Company's assets or properties are bound; except, in each case, to the extent that any such occurrence would not be material to the Acquired Companies.

(b) Except (i) as set forth in Section 4.4(b) of the Disclosure Letter and (ii) for the applicable requirements of the HSR Act (including the HSR Filing), no consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority is required to be obtained or made by any Acquired Company in connection with: (A) the execution, delivery and performance by the Company of this Agreement or any Company Ancillary Agreement; or (B) the compliance by the Company with any of the provisions hereof or thereof or the consummation of the transactions contemplated hereby or thereby.

4.5 Financial Statements.

(a) The Company has Made Available to Buyer true, correct and complete copies of (i) the audited consolidated financial statements of the Acquired Companies as of and for the fiscal years ended December 31, 2016, December 31, 2017 and December 31, 2018 (collectively, the "Audited Financial Statements"), and (ii) the unaudited consolidated financial statements of the Acquired Companies as of and for the three (3) month period ended March 31, 2019 (the "Unaudited Financial Statements," and together with the Audited Financial Statements, the "Financial Statements"). Except as set forth in Section 4.5(a) of the Disclosure Letter, the Financial Statements (A) are consistent in all material respects with the books and records of the Acquired Companies, (B) have been prepared in accordance with GAAP applicable as of the end date of the applicable Financial Statement, and (C) present fairly, in all material respects, the consolidated financial position of the Acquired Companies as of the dates indicated and shareholders' equity (only with respect to the Audited Financial Statements), cash flows and the results of operations for the periods then ended, except, in each case, with respect to the Unaudited Financial Statements, for (1) normal year-end adjustments (none of which, individually or in the aggregate, are material) and (2) the absence of disclosures normally made in footnotes (that, if presented, would not differ materially from the types of disclosures included in the Audited Financial Statements). The balance sheet as of March 31, 2019, which is included in the Unaudited Financial Statements, is referred to herein as the "Acquisition Balance Sheet."

(b) Undisclosed Liabilities. None of the Acquired Companies has any material (individually or in the aggregate) liabilities, Indebtedness or obligation of any kind (absolute, accrued, asserted, liquidated, due, contingent or otherwise), including any guaranty with respect to any liability, Indebtedness or obligation, except (i) as disclosed, reflected or reserved against on the Acquisition Balance Sheet, (ii) as incurred since the date of the Acquisition Balance Sheet in the ordinary course of business, (iii) for liabilities under any Plan in the ordinary course of business, (iv) for liabilities arising under executory Contracts (excluding any liabilities for breach of Contract), (v) for liabilities arising under this Agreement and (vi) for liabilities set forth in Section 4.5(b) of the Disclosure Letter.

(c) Accounts Receivable. The accounts receivable of the Acquired Companies shown on the Acquisition Balance Sheet, and the accounts receivable of the Acquired Companies outstanding on the Closing Date will, represent bona fide and valid obligations arising from sales actually made or services actually performed by the Acquired Companies in the ordinary course of business. The reserves for accounts receivable set forth in the Acquisition Balance Sheet were calculated in accordance with GAAP applicable as of the date of the Acquisition Balance Sheet, and were determined on a basis consistent with the Accounting Policies, including the Acquired Companies' historical methods and past practices in establishing such reserves. Subject to such reserves, each account receivable has been or will be collected in full without any set-off in the ordinary course of business. There is no contest, claim or right to set-off, other than returns and claims in the ordinary course of business, under any agreement with any obligor of any such account receivable relating to the amount or validity of such account receivable.

(d) Inventory. The Inventory consists of a quality, quantity and condition usable for the purpose for which it was procured or manufactured and salable at customary gross-margins in the ordinary course of business, except for obsolete items, excess items or items of below-standard quality, for which adequate reserves have been provided, and reflected in the Acquisition Balance Sheet and the books and records of the Acquired Companies, in accordance with GAAP, consistently applied. All of the Inventory is owned by the Acquired Companies free and clear of any Liens (excluding Permitted Liens). Except as set forth in Section 4.5(d) of the Disclosure Letter, no Inventory is held on a consignment basis and Inventory levels are not in excess of normal operating requirements of the Acquired Companies in any material respect. The Inventory (other than goods in transit to customers or from suppliers) is located at the Real Property.

(e) As of the Closing and subject to Buyer's fulfillment of its obligations set forth in Section 2.3(c), no Acquired Company will have, or be liable for, any outstanding Closing Indebtedness (other than the Closing Indebtedness set forth in Section 4.5(e)(i) of the Disclosure Letter), Selling Expenses or Transaction Bonuses. Section 4.5(e)(ii) of the Disclosure Letter sets forth an estimated amount of the Indebtedness of the Acquired Companies as of the date hereof. Section 4.5(e)(iii) of the Disclosure Letter sets forth an estimated amount of Selling Expenses, calculated as if the Closing occurred on the date hereof. Section 4.5(e)(iv) of the Disclosure Letter sets forth an estimated amount of the Transaction Bonuses, calculated as if the Closing occurred on the date hereof.

4.6 Absence of Certain Changes or Events. Except as set forth in Section 4.6 of the Disclosure Letter or as contemplated by the Pre-Closing Transactions, since December 31, 2018, (i) the Acquired Companies have operated only in the ordinary course of business, (ii) there has not occurred any change in the financial condition or results of operation of the Acquired Companies, taken as a whole, that has had or would reasonably be expected to have a Material Adverse Effect, and (iii) none of the Acquired Companies has experienced any damage, destruction or loss involving at least $100,000, individually, or $250,000, in the aggregate, whether or not covered by insurance, to any of its assets or property. Without limiting the generality of the foregoing, since December 31, 2018, except as set forth in Section 4.6 of the Disclosure Letter or as contemplated by the Pre-Closing Transactions, no Acquired Company has:

(a) other than as required by applicable Law or GAAP, made or changed any Tax election, adopted or changed any method of accounting with respect to Taxes, changed any annual Tax accounting period or settled or compromised any material Tax liability;

(b) made or granted (i) any material salary or compensation increase to any current employee, Contractor, director, manager or officer (in each case to the extent such Person receives salary or compensation from the Acquired Companies annually of at least One Hundred Fifty Thousand Dollars ($150,000)), (ii) any material increase of any benefit provided under any employee benefit plan, employment agreement or arrangement, including any fringe benefit plan or arrangement, or (iii) any equity or equity-based compensation award, except, in each case, (A) as required by applicable Law, (B) in accordance with existing terms of Contracts entered into prior to the date of this Agreement that have been Made Available to Buyer prior to the date of this Agreement or (C) bonuses paid to Persons in connection with the transactions contemplated by this Agreement and that are being treated as Transaction Bonuses;

(c) granted any severance, enhanced redundancy (over and above statutory entitlements) or termination payment, or made any loans or advances, to any current employee, Contractor, director, manager or officer of such Acquired Company, in each case, outside the ordinary course of business;

(d) except as required to reflect legal requirements or avoid adverse Tax consequences to the Acquired Companies or to any employees of the Acquired Companies, amended or terminated any existing Plans or adopted any new Plans;

(e) merged or consolidated with any other Person or invested in, loaned to or made an advance (except for loans or advances to its employees or officers for business expenses or on an intercompany basis with another Acquired Company, in each case incurred in the ordinary course of business consistent with past practice) or capital contribution to, or otherwise acquired any capital stock or business of any Person, or consummated any business combination transaction, in each case, whether a single transaction or series of related transactions;

(f) amended or provided any waiver with respect to its Organizational Documents;

(g) sold, assigned or transferred any tangible or intangible property or assets having a book value, in any individual case, in excess of Five Hundred Thousand Dollars ($500,000), except for sales of Inventory in the ordinary course of business consistent with past practice and except for Permitted Liens;

(h) purchased or leased, or has committed to purchase or lease, any tangible or intangible property or assets, or authorized any capital expenditures or commitments for capital expenditures, of any asset for an amount in excess of Five Hundred Thousand Dollars ($500,000) individually, except for purchases of Inventory and supplies in the ordinary course of business consistent with past practice;

(i) entered into, amended, modified or terminated any existing Material Contract or any Contract that would constitute a Material Contract (other than a termination of a Material Contract as a result of the expiration of the term of that Material Contract);

(j) authorized the issuance, issued or sold or agreed or committed to issue or sell (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any of its equity securities or any securities convertible, exercisable or exchangeable for equity securities, granted phantom stock or other similar rights with respect to its equity securities or otherwise adjusted, split, combined, subdivided or made any change with respect to its capital structure, or made any dividends or distributions in respect of any outstanding equity securities except in cash;

(k) declared, set aside or paid any dividends or distributions (other than in cash), or purchased or redeemed any of their respective outstanding equity securities;

(l) incurred any Indebtedness (excluding trade payables, intercompany amounts and borrowings under the existing credit facility(ies) of the Acquired Companies) or assumed, guaranteed, or endorsed the Indebtedness of any other Person;

(m) canceled any debt owed to it or released any claim possessed by it, other than in the ordinary course of business;

(n) commenced, settled or compromised any Proceeding that resulted or would reasonably be expected to result in a loss to any Acquired Company of more than One Hundred Thousand Dollars ($100,000);

(o) mortgaged, pledged or subjected to any Lien, other than Permitted Liens or Liens that will be released at or prior to Closing, any of its properties or assets;

(p) entered into any employment contract with any employee who receives compensation from the Acquired Companies annually of at least One Hundred Fifty Thousand Dollars ($150,000) or Collective Bargaining Agreement (other than at-will employment arrangements in the ordinary course of business);

(q) entered into any Material Contract with any Related Person (excluding employment agreements in the ordinary course of business) or modified in any material respect the terms of any such existing Material Contract, in each case, outside the ordinary course of business;

(r) granted any license or sublicense of any rights under or with respect to any Intellectual Property owned by the Acquired Companies (other than non-exclusive licenses or sublicenses granted in the ordinary course of business);

(s) changed in any material respect its accounting policies or practices, in each case relating to accounting or matters affecting the amount of Working Capital (including, for example, changes to the timing of its collections and payments to vendors), except as required by Law or by GAAP; or

(t) entered into any executory commitment, agreement or undertaking to do any of the foregoing (other than this Agreement).

4.7 Taxes. Except as set forth in Section 4.7 of the Disclosure Letter:

(a) At all times from the date of its election, the Company has been a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Code. Immediately upon the Pre-Closing Transactions, the Company will become a "disregarded entity" for U.S. federal and applicable state and local income Tax purposes (as a "qualified subchapter S subsidiary" within the meaning of Section 1361(b)(3)(B) of the Code owned by the Seller), and upon the conversion of the Company from a corporation to a limited liability company, the Company will continue to be a "disregarded entity" for U.S. federal and applicable state and local income Tax purposes (as a single member limited liability company that had not made an election to be taxed as an association). The Seller has been a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Code since its formation, and the Seller will be an S corporation at all times up to and through the Closing Date. The Company has not (i) acquired assets from another corporation in a transaction in which the Company's Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or other property) in the hands of the transferor or (ii) acquired the stock of any corporation that is a qualified subchapter S subsidiary. Section 4.7(a) of the Disclosure Letter indicates as to each of the Subsidiaries whether such Subsidiary has at all times since its formation and organization been properly classified as a (A) disregarded entity under Section 301.7701-2 of the Treasury Regulations or (B) validly electing qualified subchapter S subsidiary within the meaning of Sections 1361 and 1362 of the Code.

(b) All Tax Returns required to be filed by, or including, the Seller or the Acquired Companies have been properly and timely filed (taking into account applicable extensions of time to file), and all of those Tax Returns (including information provided therewith or with respect thereto) are true, correct, accurate and complete in all material respects. All Taxes owed (or required to be remitted) by any of the Seller or any Acquired Company (whether or not reflected as due on any Tax Return) have been fully and timely paid, other than Taxes which are not yet due or which, if due, are not delinquent or are being contested in good

faith by appropriate proceedings, and for which, in each case, adequate reserves have been established on the Acquisition Balance Sheet or in the books and records of the Acquired Companies.

(c) There are no Tax claims, audits or proceedings by any Taxing Authority pending or, to the Company's Knowledge, threatened in writing in connection with any Taxes due from or with respect to the Seller or any of the Acquired Companies.

(d) There are no Liens for Taxes (other than statutory Liens for Taxes not yet due and payable) upon any of the assets of any of the Acquired Companies.

(e) There are not currently in force any waivers or agreements binding upon any of the Acquired Companies for the extension of time or statute of limitations within which to file any Tax Return or for the assessment or payment of any Tax for any taxable period, and no request for any waiver or extension is currently pending.

(f) Each of the Seller and the Acquired Companies has properly withheld or collected, and timely paid to the applicable Taxing Authority, all Taxes required to have been withheld or collected and paid, and complied with all information reporting and back-up withholding requirements, and has maintained all required records with respect thereto, in connection with amounts paid or owing to any Person.

(g) None of the Acquired Companies is a party to or bound by any Tax allocation, sharing, reimbursement or similar agreement.

(h) No Acquired Company (i) has been a member of an affiliated group filing a consolidated federal income Tax Return or (ii) has any liability for the Taxes of any Person (other than the Acquired Companies) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(i) Since January 1, 2016, neither the Seller nor any Acquired Company has distributed shares of another Person, or has had its shares distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(j) No Acquired Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) installment sale or open transaction disposition made on or before the Closing Date, (ii) prepaid amount received on or before the Closing Date, (iii) "closing agreement" within the meaning of Section 7121 of the Code (or any similar agreement with any Taxing Authority), (iv) change in method of accounting for a taxable period ending on or prior to the Closing Date, or (v) election under Section 108(i) of the Code.

(k) Section 4.7(k) of the Disclosure Letter (i) identifies any Tax Returns that have been or are currently subject to a Tax audit since January 1, 2016, and (ii) lists all Tax

rulings and similar determinations requested or received by the Seller or any Acquired Company since January 1, 2016.

(l) Since January 1, 2016, neither the Seller nor any Acquired Company has received written notice that any claim has been made by any Governmental Authority in a jurisdiction where such entity does not file Tax Returns that such entity is or may be subject to taxation by that jurisdiction.

4.8 Employees.

(a) Except as set forth in Section 4.8(a) of the Disclosure Letter, there are no, and since January 1, 2016, there have been no, pending, or to the Company's Knowledge, threatened Proceedings by or on behalf of any current or former employee or Contractor of any of the Acquired Companies (other than routine claims for benefits and for matters that can be or have been resolved for less than Fifty Thousand Dollars ($50,000) individually).

(b) The Acquired Companies have Made Available to Buyer a list, as of April 27, 2019 (the "Employee Listing"), of all employees of the Acquired Companies, which list correctly reflects: (i) their names (provided that with respect to employees in Europe, only employee initials are provided) and dates of hire, (ii) the Acquired Company at which they are employed, (iii) their position, full-time or part-time status, including each Acquired Company employee's classification as either exempt or non-exempt from the overtime requirements under any applicable Law, (iv) their annual base salary or hourly wage rate, as applicable, and bonus, and (v) other than for employees in Asia and Latin America, a breakdown of compensation by category for calendar year 2018.

(c) Section 4.8(c) of the Disclosure Letter contains a list of all the current Contractors of the Acquired Companies as of the date of this Agreement and, for each, the Acquired Company with whom the Contractor is engaged, such individual's compensation, the initial date of such individual's engagement and the material terms of the engagement. The Acquired Companies do not engage any personnel through third-party agencies.

(d) The Acquired Companies are, and since January 1, 2016 have been, in compliance in all material respects with all applicable Laws respecting labor and employment, including, but not limited to, termination of employment, enforcement of labor laws, unfair labor practices, discrimination in employment, sexual harassment and other harassments, terms and conditions of employment, notice to employees regarding employment terms, worker classification (including the proper classification of workers as independent contractors and the proper classification of any employee as exempt from overtime pay), engagement of Contractors, wages, pay stubs, hours of work, overtime hours, meal and rest periods and days, occupational safety and health and employment practices, immigration (including the Immigration Reform and Control Act and the U.K. Immigration Act 2016), the Family Medical and Leave Act of 1993, the Americans with Disabilities Act of 1990, and the Age Discrimination in Employment Act of 1967. There are no material pending claims against the Acquired Companies under any workers' compensation plan or policy or for long term disability.

(e) The Acquired Companies have provided to Buyer true, correct and complete in all material respects copies of standard forms (which, for the avoidance of doubt, are customized as needed on an employee by employee or Contractor by Contractor basis) of each of the following, to the extent they exist: (i) all forms of offer letters, (ii) all forms of employment agreements and severance agreements, (iii) all forms of services agreements and agreements with current Contractors, (iv) all forms of confidentiality, non-competition or inventions agreements between employees and Contractors hired on or after January 1, 2016 and the Acquired Companies, (v) a management organization chart(s) as of April 26, 2019, (vi) copies of all employee manuals and handbooks, all Acquired Company policies and guidelines with regard to engagement terms and procedures and other material documents relating to the engagement of the employees and Contractors of the Acquired Companies, and (vii) a written summary of all material unwritten employment policies, practices and customs of the Acquired Companies. Since January 1, 2016, except as set forth in Section 4.8(e) of the Disclosure Letter, all former and current employees and Contractors have signed agreements with an Acquired Company (either an offer letter, employment agreement, or an independent contractor or consulting agreement, and also a confidentiality, non-competition and/or inventions assignment agreement, in the form of agreement Made Available to Buyer in the "Project Golden Flash" data room hosted by Intralinks under document number 5.4.2.4 (with respect to U.S. employees)) and no such Person is engaged by the Acquired Companies without a written contract.

(f) None of the Acquired Companies is, or has ever been, a party to any Collective Bargaining Agreement nor, to the Company's Knowledge, are any employees of the Acquired Companies represented by a labor union or is there pending or underway any union organizational activities or proceedings with respect to employees of any of the Acquired Companies. There is no, and since January 1, 2016 there has not been any, labor strike, slowdown, lockout or stoppage pending or, to the Company's Knowledge, threatened against any of the Acquired Companies. There is no, and since January 1, 2016 has not been, any labor dispute involving the employees of an Acquired Company pending or, to the Company's Knowledge, threatened against any Acquired Company. No Collective Bargaining Agreement is being negotiated by any Acquired Company, and, to the Company's Knowledge, no Acquired Company has a duty to bargain with any labor organization. There is no charge or complaint against any Acquired Company by the National Labor Relations Board or any comparable Governmental Authority pending or, to the Company's Knowledge, threatened.

(g) To the Company's Knowledge, no employee or Contractor of an Acquired Company is in violation of any term of any employment agreement, non-competition agreement or any restrictive covenant to a former employer or other Person relating to the right of any such employee to be employed, or Contractor to be engaged, by the Acquired Company. Except as set forth in Section 4.8(g) of the Disclosure Letter, to the Company's Knowledge, no executive of an Acquired Company has given notice of the termination of his or her employment to such Acquired Company. Except as set forth in Section 4.8(g) of the Disclosure Letter or as required by applicable Law (including the U.K. Employment Rights Act 1996), the employment of each of the employees of the Acquired Companies is "at will". None of the Acquired Companies have: (i) entered into any Contract that obligates or purports to obligate Buyer to make an offer of employment or engagement to any present or former employee or Contractor of an Acquired

Company, or (ii) to the Company's Knowledge, promised or otherwise provided any assurances to any present or former employee or Contractor of the Acquired Companies of any terms or conditions of employment with Buyer following the Closing.

(h) Each Acquired Company is, and since January 1, 2016 has been, in compliance in all material respects with the WARN Act, or any similar state or local applicable Law. During the last three (3) years, (i) no Acquired Company has effectuated a "plant closing" (as defined in the WARN Act) or collective redundancies (as defined in the TULRC Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of its business, (ii) there has not occurred a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of an Acquired Company, and (iii) no Acquired Company has been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar applicable Law. Except as set forth in Section 4.8(h) of the Disclosure Letter, no Acquired Company has caused any of its employees to suffer an "employment loss" (as defined in the WARN Act) during the 90-day period immediately preceding the date of this Agreement. During the twelve (12) month period immediately preceding the date of this Agreement, no Acquired Company has (A) given notice of any redundancies to the relevant Secretary of State, (B) started consultations with any trade union or appropriate representatives under the TULRC Act or (C) failed to comply with any obligations under the TULRC Act. During the three year period immediately preceding the date of this Agreement, no Acquired Company has entered into any Contract or arrangement which involved it being a party to a relevant transfer within the meaning of the U.K. Transfer of Undertakings (Protection of Employment) Regulations 2006.

4.9 Employee Benefit Plans and Other Compensation Arrangements.

(a) Set forth in Section 4.9(a)(i) of the Disclosure Letter is a list of (a) all employee benefit plans (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, (b) all other severance pay, salary continuation, bonus, incentive, stock option, phantom equity, stock appreciation rights, welfare, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds, agreements or arrangements of any kind, and (c) each employment agreement providing for annual compensation in excess of One Hundred Fifty Thousand Dollars ($150,000) or for employment on a term other than at-will, in each case with respect to which any of the Acquired Companies currently is the sponsor or is obligated to make contributions under the plan terms (collectively, the "Plans"). The Company has Made Available to Buyer, to the extent applicable to a particular Plan, true, correct, and complete copies of (i) each governing Plan document and all amendments thereto, summary plan description and summary of material modifications with respect thereto, and each employee handbook that is currently in effect; (ii) any related trust, insurance contract or other written funding arrangement; (iii) a written summary of the material terms of each Plan that is not set forth in writing; (iv) the most recent favorable determination or opinion letter for each Plan that is intended to be qualified under Section 401(a) of the Code; (v) a copy of the three most recent Form 5500 Annual Report/Return for each Plan that is subject to ERISA's Form 5500 reporting requirements; and (vi) all filings under the IRS Employee Plans Compliance Resolution System

program or the Department of Labor's Delinquent Filer Voluntary Compliance Program or Voluntary Fiduciary Correction Program.

(b) Except as set forth in Section 4.9(b) of the Disclosure Letter:

(i) no Acquired Company is or has been the sponsor of, and no Acquired Company is or has been obligated to make contributions under, a "multiemployer plan" (as defined in Title I or Title IV of ERISA), a plan subject to Title IV of ERISA or a multiple employer plan (within the meaning of Section 413(c) of the Code, and no Acquired Company has incurred any liability with respect to any such plan on account of being a member of the same controlled group of corporations as any other entity within the meaning of Section 414(b) of the Code, being under common control with any other entity, within the meaning of Section 414(c) of the Code, being a member of the same affiliated service group as any other entity, within the meaning of Section 414(m) of the Code, or otherwise being required to be aggregated with any other entity pursuant to Section 414(o) of the Code (each such entity, an "ERISA Affiliate");

(ii) each of the Plans that is intended to be tax-qualified under Section 401(a) of the Code has received a favorable determination letter or opinion letter from the Internal Revenue Service as to its qualification and is so qualified in all material respects, except that no representation is made with respect to any formal qualification requirement with respect to which the remedial amendment period under Section 401(b) of the Code has not yet expired;

(iii) all of the Plans have been operated in compliance in all material respects with their respective terms and all applicable Laws (provided, that no representations or warranties are made with respect to any amendment to any Plan required by Section 8.6.4), and all contributions required under the terms of the Plans or applicable Laws have been timely made;

(iv) except with respect to the Transaction Bonuses or the ESOP, or as otherwise provided herein, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby, disregarding any termination of employment which may occur on or after the Closing, will (A) result in any material payment (including severance, unemployment compensation, golden parachute or otherwise) becoming due to any director, officer, Contractor, or employee of the Acquired Companies from the Acquired Companies under any Plan or otherwise, (B) materially increase any benefits otherwise payable under any Plan or (C) result in any acceleration of the timing of payment, vesting or funding of any such benefits to any material extent;

(v) none of the Plans provides medical benefits to any retired Person, or any current employee of any of the Acquired Companies following that employee's retirement or other termination of employment, except as required by applicable Law (including Section 4980B of the Code and corresponding provisions of ERISA);

(vi) there are no pending, or to the Company's Knowledge, threatened actions, suits or claims by or on behalf of any Plan, by any employee or beneficiary covered under any such Plan, as applicable, or otherwise involving any such Plan (other than routine claims for benefits);

(vii) each Plan that is a "nonqualified deferred compensation plan" (as defined for purposes of Section 409A(d)(1) of the Code) is in documentary and operational compliance in all material respects with Section 409A of the Code and all applicable Internal Revenue Service guidance promulgated thereunder;

(viii) no Acquired Company is required to gross up or reimburse a payment to any employee, officer, director or Contractor for Taxes incurred under Sections 4999 or 409A of the Code;

(ix) no Acquired Company has made any payment, is obligated to make any payment, including any payments pursuant to this Agreement, or is a party to (or a participating employer in) any contract that could obligate the Acquired Company to make any payment that constitutes or would constitute an "excess parachute payment," as defined in Section 280G of the Code (or any similar provision of Law);

(x) no Acquired Company has engaged, nor to the Company's Knowledge has any other party engaged, in any "prohibited transaction" (within the meaning of Section 406 of ERISA and Section 4975 of the Code) with respect to any Plan that is not exempt under Section 408 of ERISA and regulatory guidance thereunder;

(xi) with respect to each Plan that is a group health plan, (A) the Company and its ERISA Affiliates have complied in all material respects with the health care continuation provisions of Section 4980B of the Code and corresponding provisions of ERISA, the applicable requirements of the Health Insurance Portability and Accountability Act of 1996 and the regulations thereunder, and PPACA; (B) neither the Company nor any of its ERISA Affiliates have incurred any material liability under Section 4980 of the Code or the excise tax or penalty provisions of PPACA; and (C) the Company and its ERISA Affiliates have calculated the hours of service for employees of the Acquired Companies in accordance with Section 4980H of the Code and the regulations thereunder, and maintained appropriate documentation thereof, and properly documented and reported health insurance coverage information in compliance with Sections 6055 and 6056 of the Code, in each case in all material respects; and

(xii) in all material respects, all contributions, premiums and other payments due or required to be paid to (or in respect of) each Plan have been paid on or before their due date; or, if not yet due, a reasonable and sufficient amount has been accrued for contributions to or payments under each Plan for the current plan year and there are no back contributions due from any Acquired Company.

(c) With respect to the U.K., except as set forth in Section 4.9(c) of the Disclosure Letter:

(i) apart from the U.K. Pension Plans, there is no Contract, scheme or arrangement (including any undertaking related to the same) under which any of the Acquired Companies has or may have any obligation (whether or not legally binding) to provide or contribute towards pension, lump-sum, death, ill-health, disability or accident benefits in respect of any present or former employee, director or manager or any of their respective dependents;

(ii) except with respect to the Automated Packaging Systems Pension Plan, no Acquired Company is, or at any time in the prior twelve (12) months has been, an associate of or connected with (within the meaning of Section 51 Pensions Act 2004) any employer in relation to any occupational pension scheme, other than any scheme to which sections 38 to 56 Pensions Act 2004 do not apply;

(iii) except with respect to the Automated Packaging Systems Pension Plan, (A) the benefits payable under the U.K. Pension Plans consist exclusively of money purchase benefits (as defined in section 181 of the Pension Schemes Act 1993) and (B) none of the Acquired Companies contributes to any defined benefit arrangement;

(iv) no contribution notice or financial support direction under the Pensions Act 2004 has been issued to any Acquired Company or, to the Company's Knowledge, to any other Person in respect of the U.K. Pension Plans and there is no fact or circumstance likely to give rise to any such notice or direction;

(v) no act, omission or other event in relation to the U.K. Plans has been reported and no other claim, complaint or report has been made to the Pensions Regulator (as defined in Section 1 of the Pensions Act 2004) under Section 69 or 70 of the Pensions Act 2004, the Pensions Ombudsman, Financial Services Ombudsman, the Pensions Advisory Service or the Pension Protection Fund;

(vi) each of the Acquired Companies has complied in full with its automatic enrollment obligations as required by the Pensions Act 2008 and associated legislation; no notice, fine or other sanction has been received from the Pensions Regulator; and to the Company's Knowledge no instance of non-compliance with the automatic enrollment obligations has been notified to the Pensions Regulator in respect of any of the Acquired Companies;

(vii) each of the U.K. Pension Plans is a registered pension scheme as defined in section 150(2) of the Finance Act 2004 and there is no reason why (A) such classification as a registered pension scheme could be withdrawn or (B) HM Revenue and Customs may de-register the scheme;

(viii) no debt has become due in relation to the Automated Packaging Systems Pension Plan pursuant to section 75 or 75A Pensions Act 1995 (as amended), such Plan is fully funded on the section 75 and section 75A Pensions Act 1995 (as amended) annuity buy-out basis and none of the Acquired Companies are party to any withdrawal agreement;

(ix) no Acquired Company is or has been a party to, nor knowingly assisted in, an act or a deliberate failure to act to prevent (A) the recovery of any debt amount due, or potentially due, relating to any occupational pension scheme under section 75 Pensions Act 1995, (B) such a debt from becoming due, or (C) the compromise or settlement of such a debt or the reduction of the amount of such a debt due, or which would otherwise become due;

(x) every current and former employee of the Acquired Companies was offered membership into each applicable Plan as of the date he or she became entitled and no back contributions are owed by any Acquired Company with respect to the U.K. Pension Plans;

(xi) none of the Acquired Companies has an obligation to any current or former employee or officer as a result of a previous business transfer or otherwise to provide any (A) enhanced benefits on retirement, (B) rights to early retirement, or (C) other enhanced rights, including pension rights on redundancy; and

(xii) the Company has Made Available the trust deed and rules governing the Automated Packaging Systems Pension Plan and information regarding the current contribution rates of the Company to the U.K. Pension Plans together with a copy of the current schedule of contributions in relation to the Automated Packaging Systems Pension Plan.

(d) Except to the extent otherwise contemplated herein, the ESOP constitutes an "employee stock ownership plan" under Section 4975(e)(7) of the Code and the regulations promulgated thereunder and Section 407(d)(6) of ERISA and the regulations promulgated thereunder. Section 4.9(d)(i) of the Disclosure Letter contains a list which is accurate in all material respects of all participants in the ESOP, including active employees, former employees, beneficiaries of deceased participants and alternate payees, and the number of Shares allocated to each such individual's account under the ESOP, in each case as of December 31, 2018. Section 4.9(d)(ii) of the Disclosure Letter sets forth each loan or other extensions of credit between the ESOP and any other Person that is currently outstanding; any such prior loans or extensions of credit not listed in Section 4.9(d)(ii) of the Disclosure Letter have been satisfied in full. Any such loans or extensions of credit satisfied the requirements of an exempt loan within the meaning of Section 4975(d)(3) of the Code and Treasury Regulation Section 54.4975-7(b) during the period that the respective loan or extension of credit remained outstanding and unpaid in full. All of the Shares held by the ESOP Trust are allocated to ESOP participants' accounts or (except to the extent utilized to pay off any loan or extension of credit) will be allocated to participants' accounts at or prior to Closing or in connection with the termination of the ESOP. All contributions to the ESOP due with respect to periods ending on or prior to the Closing have been timely made, and all such contributions that are not yet due will be made prior to the Closing.

4.10 Permits; Compliance with Laws.

(a) Each of the Acquired Companies is, and since January 1, 2016 has been, in compliance in all material respects with all applicable Laws (including with respect to each Acquired Company's property and assets). Except as set forth in Section 4.10(a) of the Disclosure Letter, no Acquired Company has, since January 1, 2016, received any written (or, to the Company's Knowledge, oral) notice from any Governmental Authority alleging that any Acquired Company is not in compliance (other than de minimis noncompliance) with any Law or Order applicable to such Acquired Company or the conduct of its businesses.

(b) Section 4.10(b) of the Disclosure Letter sets forth a true, correct and complete list of all material licenses, permits, registrations, permanent certificates of occupancy, authorizations and certificates from any Governmental Authority that are required under applicable Law with respect to the operation of the businesses of the Acquired Companies as currently conducted ("Permits"). Except as set forth in Section 4.10(b) of the Disclosure Letter, the Acquired Companies hold and are, and since January 1, 2016 have held and have been, in compliance in all material respects with, all Permits. There is no Proceeding pending or, to the Company's Knowledge, threatened that would reasonably be expected to result in the termination, revocation or suspension or material amendment or restriction of any Permit or the imposition of any material fine, penalty or other sanctions for violation of any Law relating to any Permit.

4.11 Real and Personal Properties.

(a) Section 4.11(a) of the Disclosure Letter contains a list of all Owned Real Property. The applicable Acquired Company has good, marketable and insurable fee title to the Owned Real Property free and clear of all Liens, other than Permitted Liens.

(b) Section 4.11(b) of the Disclosure Letter identifies all of the real property used pursuant to leases, subleases, licenses, concessions or similar agreements (collectively, the "Leases") by any of the Acquired Companies (collectively, the "Leased Real Property"). Prior to the date hereof, the Company has Made Available to Buyer a true and complete copy of each Lease, as in effect as of the date hereof, and any amendments, assignments or material correspondence relating thereto. The applicable Acquired Company's interest in the leasehold interests is free and clear of all Liens, other than Permitted Liens.

(c) Each applicable Acquired Company holds a valid and existing leasehold interest under each of the Leases to which it is a party for the terms set forth therein. All of the Leases are in full force and effect and enforceable by the Acquired Company which is a party thereto in accordance with their terms, subject to the Enforceability Exceptions. No Acquired Company or, to the Company's Knowledge, landlord, is in material breach of or in material default under any Lease.

(d) Except as set forth in Section 4.11(d) of the Disclosure Letter, there are no leases, subleases, assignments, occupancy agreements or similar items granting any party, other than the applicable Acquired Company, the right of use or occupancy of any of the Real Property.

(e) No Acquired Company has received written notice of any pending or contemplated condemnation, expropriation or other proceeding in eminent domain affecting the Real Property or any portion thereof or interest therein, and to the Company's Knowledge, no such proceeding has been threatened against the Real Property. No Acquired Company has received any written notice that the current use and occupancy of the Real Property violates any Law in any material respect. No Acquired Company has received written notice of any pending assessments or other material payments due with respect to any Real Property, other than as set forth in the associated Lease with respect to a Leased Real Property. Each of the Owned Real Properties and, to the Company's Knowledge, the Leased Real Properties, is in good and working order for operation and use thereof in the ordinary course of the associated Acquired Company's business as currently conducted (normal wear and tear excepted). There are no material capital improvements (as opposed to repairs) required with respect to the Owned Real Property or, to the Company's Knowledge, the Leased Real Property, by any Acquired Company, except those for which adequate accruals or reserves have been established on the Financial Statements (or on the Acquired Companies' books and records if after the date of the Financial Statements) and as reflected on the applicable Acquired Company's budget for the most recent fiscal year. Prior to the date hereof, the Company has Made Available to Buyer copies of all title, environmental, property condition, insurance, geotechnical, or survey reports generated since January 1, 2016 in the Company's possession or control with respect to the Real Property.

(f) The Owned Real Property and the Leased Real Property constitute all real property used by any of the Acquired Companies in association with their ordinary course of business as currently conducted.

(g) An Acquired Company has good and valid title to, or a valid leasehold interest in or otherwise has the right to use the tangible personal properties and assets (including machinery and equipment) material to the operation of the business of the Acquired Companies, as currently conducted, free and clear of all Liens (the "Company Assets"), except for Liens identified or described in Section 4.11(g) of the Disclosure Letter and Permitted Liens. The Company Assets which, taken as a whole, are material to the conduct of the business of the Acquired Companies as currently conducted, are in working condition and repair for their age and intended use, normal wear and tear excepted.

4.12 Intellectual Property.

(a) Section 4.12(a) of the Disclosure Letter sets forth a true, correct and complete list of all patents, registered trademarks, registered copyrights, domain names and applications for any of the foregoing, and all material proprietary Software or firmware, in each case owned by an Acquired Company specifying as to each item, as applicable: (i) the title of the item; (ii) the owner of the item; (iii) the jurisdictions in which the item is issued or registered or in which an application for issuance or registration has been filed; and (iv) the issuance, registration or application numbers ("Company IP Registrations"). All assignments of Company IP Registrations to an Acquired Company have been properly executed and recorded. With respect to each item of Intellectual Property required to be identified in Section 4.12(a) of the Disclosure Letter and except as expressly set forth in Section 4.12(a) of the Disclosure Letter:

(A) each Acquired Company possesses all right, title and interest in and to such item, free and clear of any Liens except for Liens identified or described in Section 4.11(g) of the Disclosure Letter and Permitted Liens; (B) such item is not subject to any Order; (C) no Proceeding is pending or, to the Company's Knowledge, is threatened or anticipated that challenges the legality, validity, enforceability, use or ownership of such item; (D) such item is valid and enforceable; and (E) all issuance, renewal, maintenance and other payments that are or have become due with respect thereto have been timely paid by or on behalf of the Acquired Companies.

(b) Section 4.12(b) of the Disclosure Letter sets forth a listing of all licenses (excluding Off-the-Shelf Software) pursuant to which any of the Acquired Companies is a party either as a licensee or licensor and any other Contracts under which any of the Acquired Companies grants or receives any rights to Intellectual Property or resolves any disputes relating thereto (the "Licenses").

(c) The Acquired Companies are the sole and exclusive owner of all right, title and interest in and to the Company Intellectual Property. Each item of Company Intellectual Property will be owned by Buyer or its Subsidiary (including any Acquired Companies that become Subsidiaries) and each item of Company Licensed Intellectual Property will be available for use immediately following the Closing on the same terms and conditions as they were immediately prior to the Closing.

(d) Except as set forth in Section 4.12(d) of the Disclosure Letter, the Acquired Companies own, free and clear of all Liens, except for Liens identified or described in Section 4.11(g) of the Disclosure Letter and Permitted Liens, and have valid and enforceable rights in the Company Intellectual Property. To the Company's Knowledge, the Acquired Companies have valid and enforceable rights and licenses to use all Company Licensed Intellectual Property. The Company Intellectual Property together with the Company Licensed Intellectual Property constitutes all of the Intellectual Property necessary for the operation of the Acquired Companies' business as it is currently being conducted.

(e) Except as set forth in Section 4.12(e) of the Disclosure Letter, or in connection with applications for patent protection, no Company Intellectual Property that is a Trade Secret has been disclosed by the Acquired Companies to any Person other than employees, consultants or Contractors of the Acquired Companies pursuant to an executed confidentiality agreement between the Acquired Company and the Person to whom the Trade Secret was disclosed.

(f) The Acquired Companies have taken commercially reasonable measures to protect the proprietary nature of each item of Company Intellectual Property. No complaint relating to an improper use or disclosure of, or a breach in the security of, any such confidential information has been made or, to the Company's Knowledge, threatened against the Acquired Companies since January 1, 2016. To the Company's Knowledge, there has been no: (i) unauthorized disclosure of any third party confidential information in the possession, custody or control of the Acquired Companies, or (ii) breach of the Acquired Companies' security

procedures wherein proprietary or confidential information of any other Person has been disclosed to a third Person in an unauthorized manner.

(g) The conduct of the Acquired Companies' business as conducted since January 1, 2016 and the products and services of the Acquired Companies do not infringe or violate, or constitute a misappropriation of any Intellectual Property rights of any Person. Section 4.12(g) of the Disclosure Letter lists any complaint, claim or notice, or threat of any of the foregoing (including any notification that a license under any patent is or may be required by, or is available for license to, an Acquired Company), received by an Acquired Company since January 1, 2016 alleging any such infringement, violation or misappropriation and any request or demand for indemnification or defense received by the Acquired Company from any manufacturer, reseller, distributor, customer, user or any other Person. To the Company's Knowledge, no Person (including any current or former employee or independent contractor of an Acquired Company) is infringing, violating or misappropriating any of the Company Intellectual Property. With respect to the matters set forth under item 2 of Section 4.12(g) of the Disclosure Letter, (i) the parties thereto have executed a Settlement Agreement, which remains in full force and effect, pursuant to which no Acquired Company has any material ongoing obligations, liabilities or Indebtedness, (ii) the resolution of such matters, including the entering into such Settlement Agreement, has not, in any material respect, impaired the use or, as applicable, ownership of any of the Acquired Companies' Intellectual Property, and (iii) such Settlement Agreement settled all disputes by the other parties against the Acquired Companies and all related litigation was dismissed with prejudice.

(h) The Acquired Companies have Made Available to Buyer a true, correct and complete copy of each standard form of (i) employee agreement containing any assignment or license of Intellectual Property or any confidentiality provision, (ii) consulting or independent contractor agreement containing any assignment or license of Intellectual Property or any confidentiality provision, or (iii) confidentiality or nondisclosure agreement. To the extent that any work or invention included in Company Intellectual Property has been developed or created by an employee or a consultant, Contractor or other Person for the Acquired Companies, (x) such employee created such work within the scope of his or her employment for the Acquired Companies, and (y) each Acquired Company has a written agreement with such employee, consultant, Contractor or other Person with respect thereto and thereby has obtained ownership of, and is the exclusive owner of, all Intellectual Property in such work or invention by operation of law or by valid assignment.

(i) Except as listed in Section 4.12(i) of the Disclosure Letter, each Acquired Company has not (i) incorporated Open Source Materials into any Company Software, and (ii) distributed Open Source Materials in conjunction with any Company Software, in an OSS Triggering Manner.

(j) The Company systems that are owned or used by the Acquired Companies are sufficient for the current needs of the Acquired Companies' businesses as they are currently conducted. Except as set forth in Section 4.12(j) of the Disclosure Letter, there has been no unauthorized access, use, intrusion, or breach of security, or failure, breakdown,

performance reduction, or other adverse event affecting the Company systems since January 1, 2016, that has caused or could reasonably be expected to cause any: (i) substantial disruption of or interruption in or to the use of the Company systems or the conduct of the Acquired Companies' businesses or (ii) loss, destruction, damage, or material harm of or to the Acquired Companies or their operations, personnel, property, or other assets. The Acquired Companies (x) maintain commercially reasonable backup and data recovery, disaster recovery, and business continuity plans, procedures, and facilities and (y) act in compliance in all material respects therewith. There have been no unauthorized intrusions or breaches of the security of the information technology systems owned or controlled by the Acquired Companies since January 1, 2016.

(k) Neither the Acquired Companies nor any other Person acting on their behalf, respectively, has disclosed or delivered to any third Person, or permitted the disclosure or delivery to any escrow agent of, any source code for any Company Software. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time, or both) shall, or would reasonably be expected to, result in the disclosure or delivery by the Acquired Companies or any other Person acting on its or their behalf, respectively, to any third Person of any source code for any Company Software.

(l) None of the Acquired Companies are a member of, or party to, any patent pool, industry standards body, trade association or other organization pursuant to the rules of which it is obligated to license any existing or future Intellectual Property to any Person.

4.13 Contracts.

(a) Section 4.13(a) of the Disclosure Letter sets forth a listing as of the date hereof of all of the currently effective Contracts of the following types to which any of the Acquired Companies is a party or by which any material assets of any of the Acquired Companies are bound or are subject:

(i) Contracts which create a required future payment obligation of or to any Acquired Company in excess of One Hundred Fifty Thousand Dollars ($150,000) in any calendar year (excluding in all cases purchase orders or sales orders entered into in the ordinary course of business);

(ii) Contracts or group of related Contracts, other than purchase or sales orders entered into in the ordinary course of business, with any Material Customer or Material Supplier which are not terminable by the applicable Acquired Company upon ninety (90) days or less advance notice;

(iii) partnership, joint venture or other similar type of Contracts involving a sharing of profits or losses with any other Person;

(iv) instruments for borrowed money (including any indentures, guarantees, loan agreements, sale and leaseback agreements, mortgages, pledges,

hypothecations, deeds of trust, conditional sale or title retention agreements, security agreements or equipment financing obligations);

(v) employment, non-competition or confidentiality Contracts with any employee who receives salary and bonus in excess of Three Hundred Thousand Dollars ($300,000) per annum;

(vi) Contracts with another Person materially limiting or restricting (or purporting to materially limit or restrict) the ability of any Acquired Company to (A) enter into or engage in any market or line of business or in any geographic area or during any period of time or (B) solicit or hire any Person;

(vii) Contracts with a Material Customer prohibiting the prices that any Acquired Company may charge for its products or services, including any "most favored nation" pricing provisions;

(viii) Contracts pursuant to which any Acquired Company is a lessor or a lessee of any personal property, except for any personal property leases under which the aggregate annual rent or lease payments do not exceed One Hundred Thousand Dollars ($100,000) and which are not terminable by the applicable Acquired Company upon ninety (90) days or less advance notice;

(ix) other than Contracts for the sale of Inventory in the ordinary course of business, Contracts for the sale, assignment, transfer or other disposition of assets involving a purchase price (in a single transaction or a series of related transactions) in excess of Five Hundred Thousand Dollars ($500,000) and under which any Acquired Company has any continuing liability or obligation;

(x) Contracts with employees or Contractors not included in subsection (v) providing for severance, retention, change in control or other similar payments;

(xi) Contracts with any Related Person;

(xii) Contracts or group of related Contracts, other than purchase orders entered into in the ordinary course of business, which involve commitments to make capital expenditures by any Acquired Company from any one Person in excess of Five Hundred Thousand Dollars ($500,000) in any consecutive twelve (12) month period after the date hereof and which are not terminable by that Acquired Company upon ninety (90) days or less advance notice;

(xiii) Contracts under which any Acquired Company has made advances or loans to any other Person, other than employee loans in the ordinary course of business;

(xiv) Contracts for the acquisition by any Acquired Company of any operating business or material assets or equity securities of any other Person, pursuant to which any Acquired Company has any material ongoing obligations with respect to indemnification, purchase price adjustment or an earn-out, contingent consideration or similar Contingent Obligations;

(xv) Collective Bargaining Agreements or any other Contracts with any labor union, labor organization or similar employee representative relating to employees of any Acquired Company; and

(xvi) Contracts, arrangements or understandings to enter into any of the foregoing.

(b) Correct and complete copies of each Contract required to be identified in Section 4.13(a) of the Disclosure Letter, including amendments thereto (collectively, with the Leases and Licenses, the "Material Contracts"), have been Made Available to Buyer. All of the Material Contracts are in full force and effect and are enforceable against the Acquired Company that is a party thereto and, to the Company's Knowledge, the other parties thereto, in accordance with their respective terms, subject in each case to the Enforceability Exceptions. Each of the Acquired Companies (as the case may be), and, to the Company's Knowledge, each other party thereto, has performed in all material respects all obligations required to be performed by it pursuant to the Material Contracts. The Acquired Companies are not and, to the Company's Knowledge, no other party to any such Material Contract is in breach or violation, in any material respect, of, or default in any material respect under, and no event has occurred which with notice or the passage of time or both would constitute such a breach or default by the Acquired Companies or, to the Company's Knowledge, any other party, or are alleged in writing (or to the Company's Knowledge, orally) by the counterparty thereto to have breached or to be in default, in each case, in any material respect, under any Material Contract. No Acquired Company has received any written (or to the Company's Knowledge, oral) notice of cancellation or termination in connection with any Material Contract.

4.14 Litigation.

(a) Except as set forth in Section 4.14(a) of the Disclosure Letter: (i) there are no Proceedings, at Law or in equity, pending or, to the Company's Knowledge, threatened, against any of the Acquired Companies or their properties, assets or operations; and (ii) since January 1, 2016, there have not been any Proceedings, at Law or in equity, pending or, to the Company's Knowledge, threatened, against any of the Acquired Companies or their properties, assets or operations in which the claim thereunder involved more than Two Hundred Fifty Thousand Dollars ($250,000). The Acquired Companies have not received written notice of any investigation by or before any Governmental Authority, which, in each case, if determined adversely to the Acquired Companies, would (i) cause losses exceeding, or that would reasonably be expected to exceed, Two Hundred Fifty Thousand Dollars ($250,000) or (ii) result in any injunctive or other equitable relief being granted against the Acquired Companies. There is no Proceeding pending, or to the Company's Knowledge, threatened, against any Acquired

Company seeking to prevent, hinder, modify, delay or challenge the transactions contemplated by this Agreement.

(b) None of the Acquired Companies is, or since January 1, 2016 has been, subject to any Order or is in material breach or violation of any Order.

4.15 Insurance. Section 4.15 of the Disclosure Letter sets forth a true, correct and complete listing of all insurance policies or binders currently owned, held by or applicable to any of the Acquired Companies (or their respective assets or business) (each an "Insurance Policy" and collectively the "Insurance Policies"). Except as would not be material to any of the Acquired Companies, all of the Insurance Policies are in full force and effect and all premiums that are due and payable with respect thereto have been paid. No Acquired Company has received any written notice of cancellation, non-renewal or material premium increase with respect to any such Insurance Policy nor has the termination of any such Insurance Policy been threatened in writing. A copy of each Insurance Policy has been Made Available to Buyer. There are no outstanding claims involving more than One Hundred Thousand Dollars ($100,000) in any individual circumstance pending under any of such Insurance Policies. There is no material claim pending under any Insurance Policy as to which coverage has been denied or disputed by the underwriters of such Insurance Policy.

4.16 Environmental Matters. Except as set forth in Section 4.16 of the Disclosure Letter:

(a) Since January 1, 2014, there has been no generation, Treatment, Storage, Environmental Release, Disposal (or arrangement for Disposal), handling, or transport of, or exposure of any Person to, any Hazardous Material at, on, under or from any Real Property or by any Acquired Company, and there are no facts, conditions, or circumstances relating to any Acquired Company, any Real Property, or any other real property owned or leased by any Acquired Company or its predecessors that would reasonably be expected to give rise to an Environmental Claim, in each case, except as would not reasonably be expected to result in material liability on the part of any Acquired Company under Environmental Laws.

(b) Each Acquired Company is, and at all times since January 1, 2014 has been, in compliance in all material respects with all applicable Environmental Laws (which compliance includes the possession by each Acquired Company of all Permits required under applicable Environmental Laws, and material compliance with the terms and conditions thereof).

(c) Except for matters that have been fully resolved, since January 1, 2014, no Acquired Company has received any written, or to the Company's Knowledge, oral notice, from any Governmental Authority or any Person claiming that any Acquired Company is, or may be, in violation of any Environmental Law or any Permit, or is liable or potentially liable for personal injury or property damage or for any other costs, expenses, or liabilities related to Hazardous Materials or Environmental Laws.

(d) No Acquired Company has assumed any liability contractually of any other Person, and no Acquired Company has any material liability, under Environmental Laws.

(e) No material capital expenditures are presently proposed, authorized or required to be incurred by any Acquired Company for the purposes of complying with Environmental Laws or Permits required under Environmental Laws.

(f) Neither this Agreement nor the transactions contemplated herein will result in any obligation to provide notification to, or obtain the consent of, any Person or any obligation to perform site investigation or cleanup, pursuant to any "transaction-triggered" or "responsible party transfer" Environmental Laws.

(g) The Company has Made Available to Buyer true, correct and complete copies of all material reports, studies, investigations, audits, Permits and other material documents prepared since January 1, 2014 with respect to the current or former business, assets, properties (including any Real Property), or facilities of the Acquired Companies (or their predecessors) and relating to Environmental Laws, Permits or Hazardous Materials, that are in the possession, custody or reasonable control of any Acquired Company.

4.17 Related Party Transactions. Except as set forth in Section 4.17 of the Disclosure Letter, no present or former officer, director, manager, shareholder, member, owner or Affiliate of any Acquired Company, or (a) any Affiliate of such Person, (b) member of the immediate family of such a Person or (c) to the Company's Knowledge, any entity in which any such Person covered above owns any beneficial interest (each a "Related Person"): (i) owes any amount to any Acquired Company, nor does any Acquired Company owe any amount to, or has any Acquired Company committed to make any loan or extend or guarantee credit to or for the benefit of, any Related Person (other than any payments to, and reimbursement of fees and expenses of, employees, directors and officers of the Acquired Companies in the ordinary course of business); (ii) owns any material property, asset or right, tangible or intangible, that is used by any Acquired Company; (iii) has any claim or cause of action against any Acquired Company, other than claims for accrued compensation, benefits or expense reimbursement arising in the ordinary course of employment; or (iv) is a party to any Contract with any Acquired Company. No Related Person (provided, that with respect to clauses (a), (b) and (c) above, to the Company's Knowledge, no such Person) owns, directly or indirectly, whether on an individual or joint basis, any interest (other than passive investments involving ownership of five percent (5%) or less of any class of securities of a company whose securities are registered under the Securities Exchange Act of 1934, as amended) in, or serves as an executive officer, manager or director of, any Material Customer or Material Supplier.

4.18 Product Warranty. All of the products designed, manufactured, sold, leased, assembled, installed or delivered by or on behalf of the Acquired Companies have conformed in all material respects with all applicable contractual warranty commitments, product specifications, safety requirements of the Acquired Companies, Laws and all express and, to the extent applicable, implied warranties of the Acquired Companies, and the Acquired Companies do not have any outstanding and unperformed material liability for replacement or repair thereof or other damages in connection therewith. Except for claims in the ordinary course of business or as set forth in Section 4.18 of the Disclosure Letter, (a) there are no material product warranty claims currently pending or, to the Company's Knowledge, threatened against any of the

Acquired Companies and (b) there have been no material product warranty claims made against any of the Acquired Companies since January 1, 2018.

4.19 Material Customers and Suppliers. Section 4.19 of the Disclosure Letter sets forth a listing of the top twenty (20) customers of the Acquired Companies (on a consolidated basis) in terms of aggregate sales (the "Material Customers") and the top twenty (20) suppliers of the Acquired Companies in terms of aggregate purchases (the "Material Suppliers"), in each case for each of the twelve (12) month period ended December 31, 2018. Except as set forth in Section 4.19 of the Disclosure Letter, since December 31, 2018, none of the Material Customers or Material Suppliers have delivered to the Acquired Companies any written (or to the Company's Knowledge, oral) notice that (a) cancelled, materially modified or otherwise terminated its relationship with any Acquired Company, (b) informed the Acquired Companies of an intention to cancel, materially modify or otherwise terminate or materially alter its relationship with any Acquired Company, (b) in the case of Material Customers, materially decreased its purchases of the products of the Acquired Companies or (c) in the case of Material Suppliers, materially decreased the goods or services provided to the Acquired Companies.

4.20 Brokerage. No Person is or will become entitled, by reason of any Contract, arrangement or understanding entered into or made by or on behalf of any of the Acquired Companies, to receive any commission, brokerage, finder's fee or other similar compensation in connection with the consummation of the transactions contemplated by this Agreement, other than fees payable to William Blair & Company, L.L.C.

4.21 Trade Regulation.

(a) Neither the Acquired Companies, nor to the Company's Knowledge, anyone acting on their behalf, has at any time:

(i) violated, or engaged in any activity, practice or conduct which would violate the FCPA or any other applicable Anti-Corruption Laws;

(ii) paid, offered, given, promised to pay, or authorized the payment of any money or anything of value corruptly to or for the benefit of any "foreign public official" (as such term is defined in the FCPA) or other Person, for the purpose of (A) influencing the recipient to act or refrain from acting, (B) inducing the recipient to use his or her influence or position to affect any act or decision, in order to obtain or retain business for, direct business to, or secure an improper advantage for, any Acquired Company; or

(iii) been or is the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other Anti-Corruption Laws.

(b) The Acquired Companies have conducted their business and transactions in all material respects in accordance with applicable economic sanctions, import laws, and export controls, including: the Export Administration Regulations, 15 C.F.R. Part 730, et seq.;

the Foreign Assets Control Regulations, 31 C.F.R. Part 500, et seq.; the International Traffic in Arms Regulations, 22 C.F.R. Part 120-130; and other regulations administered by BIS; OFAC; the U.S. Department of State, Customs and Border Protection, and all other applicable import/export regulations in countries in which the Acquired Companies conduct business. Without limiting the foregoing:

(i) the Acquired Companies have obtained all applicable Export Approvals;

(ii) the Acquired Companies have been and are in compliance in all material respects with the terms of all applicable Export Approvals;

(iii) there are no pending Proceedings or, to the Company's Knowledge, threatened claims against the Acquired Companies with respect to such Export Approvals; and

(iv) no Export Approvals for the transfer of export licenses to the Acquired Companies are required, except for such Export Approvals that can be obtained without material cost.

(c) Neither the Acquired Companies, nor any of their directors, managers, officers, employees or agents (provided that with respect to employees and agents for purposes of clause (i) below, to the Company's Knowledge) are or have been a person, or owned or controlled by, or acting on behalf of, a Person that is or was:

(i) organized, incorporated, established, located, resident, or born in, or a citizen, national, or the government, including any political subdivision, agency, or instrumentality thereof, of Cuba, Iran, North Korea, Sudan, Syria, the Crimea region of Ukraine, or any other country embargoed or subject to substantial trade restrictions by a Governmental Authority in any jurisdiction in which the Acquired Companies operate; or

(ii) identified on any U.S. Restricted Person List or any comparable list of parties subject to trade restrictions and/or sanctions imposed or administered by any governmental entity in any jurisdiction in which the Acquired Companies operate.

(d) The Acquired Companies are and have been in compliance in all material respects with the U.S. anti-boycott laws and regulation, and to the Company's Knowledge, the Acquired Companies have not engaged in activities that may cause them to be, subject to any material penalties, sanctions, or loss of tax benefits.

4.22 Privacy and Security.

(a) The Acquired Companies comply in all material respects with all applicable Laws, including U.S. federal and state Laws and Laws of the United Kingdom and

European Union (including the EU General Data Protection Regulation (EU) 2016/679), relating to privacy or data security (collectively, "Privacy Laws") and their own published policies relating to privacy or data security, including with respect to personally identifiable information, sensitive personal information, sensitive financial information and any special categories of personal information regulated thereunder or covered thereby ("Personal Information").

(b) The Acquired Companies post all policies with respect to the matters set forth in Section 4.22(a) on their websites in conformance with Privacy Laws. Since January 1, 2016, the Acquired Companies' collection, use, retention and dissemination of Personal Information (or sensitive non-personally identifiable information) complies in all material respects with, and has not in any material respect violated (i) any Contract to which any Acquired Company is a party, (ii) any Privacy Laws and (iii) the Acquired Companies' own policies. Since January 1, 2016, no Acquired Company has received any written (or, to the Company's Knowledge, oral) notice from any Governmental Authority that it is under investigation for a violation of any Privacy Law, nor, since January 1, 2016, has any Acquired Company received any written (or to the Company's Knowledge, oral) notice, alleging any breach of security by or on behalf of any Acquired Company with respect to its improper use, disclosure or access to any Personal Information (or sensitive non-personally identifiable information) in its custody, possession or control.

(c) To the Company's Knowledge, there has been no material data security breach of the Acquired Companies' computer systems or networks, or unauthorized use or disclosure of any Personal Information (or sensitive non-personally identifiable information), owned, used, stored, received or controlled by or on behalf of the Acquired Companies since January 1, 2016.

(d) The Acquired Companies have required and require all third Persons to which it provided or provides access to Personal Information (or sensitive non-personally identifiable information) to maintain the privacy and security of such information, including by contractually obliging such third Persons to protect such information from unauthorized access by, or disclosure to, any unauthorized third Persons.

(e) No Acquired Company is subject to any contractual requirements, privacy policies or other legal obligations (including Privacy Laws) that, following the Closing, would prohibit Buyer from receiving and using any Personal Information (or sensitive non-personally identifiable information). No Acquired Company is the owner or host of any database that is subject to a registration or notification requirement with any Governmental Authority.

4.23 No Additional Representations. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ARTICLE 3, AS APPLICABLE, THIS ARTICLE 4 OR AS MAY BE EXPRESSLY SET FORTH IN ANY COMPANY ANCILLARY AGREEMENT, THE COMPANY EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF ANY OF THE ACQUIRED COMPANIES OR ANY OF THE ACQUIRED COMPANIES' ASSETS AND NEITHER THE COMPANY, ANY OF THE OTHER ACQUIRED COMPANIES, ANY SELLER PARTY NOR SELLERS' REPRESENTATIVE

MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES TO BUYER REGARDING ANY PROJECTION OR FORECAST REGARDING FUTURE RESULTS OR ACTIVITIES OR THE PROBABLE SUCCESS OR PROFITABILITY OF ANY OF THE ACQUIRED COMPANIES.

## ARTICLE 5

## Representations and Warranties of Buyer

Buyer represents and warrants to the Company and the Seller Parties as of the date of this Agreement and the Closing Date (except to the extent that any representation or warranty speaks as of a specific date, in which case it is made only as of such specific date) as follows:

5.1 Organization; Authorization.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite power and authority to own and lease its assets and to operate its business as the same are now being owned, leased and operated. Buyer is duly qualified or licensed to do business as a foreign entity in, and is in good standing in, each jurisdiction in which the nature of its business or its ownership of its properties requires it to be so qualified or licensed, except where the failure to be so qualified or licensed and in good standing would not reasonably be expected to have a material adverse effect on Buyer or otherwise materially impair or delay Buyer's ability to consummate the transactions contemplated by this Agreement or the Buyer Ancillary Agreements.

(b) Buyer possesses all requisite legal right, power, authority and capacity (corporate or otherwise) to execute, deliver and perform this Agreement, and each other agreement, instrument and document to be executed and delivered by Buyer pursuant hereto and in connection with the transactions contemplated hereby (collectively, the "Buyer Ancillary Agreements"), and to consummate the transactions contemplated herein and therein. The execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized (by all requisite corporate action or otherwise) on the part of Buyer.

5.2 Execution and Delivery; Enforceability. This Agreement has been, and each Buyer Ancillary Agreement upon delivery will be, duly executed and delivered by Buyer and constitutes, or upon delivery will constitute, the legal, valid and binding obligation of Buyer, enforceable in accordance with its respective terms, except as enforcement may be limited by the Enforceability Exceptions.

5.3 Noncontravention.

(a) Except (i) as set forth in Section 5.3(a) or 5.3(b) of the Buyer Disclosure Letter and (ii) for the applicable requirements of the HSR Act (including the HSR Filing), neither the execution and delivery of this Agreement or any Buyer Ancillary Agreement, nor the

consummation by Buyer of the transactions contemplated hereby or thereby, nor compliance by Buyer with any of the provisions hereof or thereof, will: (A) conflict with or result in a breach of any provisions of the Organizational Documents of Buyer; (B) violate or result in a violation of, or constitute a default under (whether after the giving of notice, lapse of time or both) any provision of any Law or Order applicable to Buyer or by which any properties or assets owned or used by Buyer are bound; (C) result in the creation of any Lien (other than a Permitted Lien) on any property, asset or right of any Acquired Company pursuant to any material Contract to which Buyer is a party or by which Buyer's properties, assets or rights are bound or (D) violate, conflict with, breach or result in a breach or default (whether after the giving of notice, lapse of time or both) under, give rise to a right of termination, modification or acceleration of any provision of, or require the offering or making of any payment or redemption under, require any notice or approval under, or otherwise adversely affect any rights of Buyer under, any material Contract to which Buyer is a party or by which any of Buyer's assets or properties are bound.

(b) Except as set forth in Section 5.3(b) of the Buyer Disclosure Letter, other than the applicable requirements of the HSR Act (including the HSR Filing), no consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority is required to be obtained or made by Buyer in connection with: (i) the execution, delivery and performance by Buyer of this Agreement or any Buyer Ancillary Agreement; or (ii) the compliance by Buyer with any of the provisions hereof or thereof or the consummation by Buyer of the transactions contemplated hereby or thereby.

5.4 Investment Intent; Restricted LLC Interests. Buyer is acquiring the LLC Interests solely for Buyer's own account, for investment purposes only, and not with a view to, or with any present intention of, reselling or otherwise distributing the LLC Interests or dividing its participation herein with others. Buyer has sufficient experience in business, financial and investment matters to be able to evaluate the purchase of the LLC Interests and to make an informed investment decision with respect to that purchase. Buyer is an "accredited investor" within the meaning of Rule 501 promulgated under the 1933 Act. Buyer has had the opportunity as it has deemed adequate to obtain from the Acquired Companies any information as is necessary to permit Buyer to evaluate the merits and risks of investment in the Acquired Companies. Buyer understands and acknowledges that: (a) none of the LLC Interests have been registered or qualified under the 1933 Act, or under any securities Laws of any state of the United States or other jurisdiction, in reliance upon specific exemptions thereunder for transactions not involving any public offering; (b) all of the LLC Interests constitute "restricted securities" as defined in Rule 144 under the 1933 Act; (c) none of the LLC Interests are traded or tradable on any securities exchange or over-the-counter; and (d) none of the LLC Interests may be sold, transferred or otherwise disposed of unless a registration statement under the 1933 Act with respect to those LLC Interests and qualification in accordance with any applicable state securities Laws becomes effective or unless registration and qualification is inapplicable, or an exemption therefrom is available.

5.5 Sufficiency of Funds. Buyer has and will continue to have readily available funds sufficient to consummate the transactions contemplated by this Agreement and each Buyer Ancillary Agreement, and Buyer understands that its obligations hereunder are not in

any way contingent or otherwise subject to the consumption of any financing arrangements or obtaining any financing.

5.6 Solvency. Assuming that (a) the representations and warranties of the Acquired Companies and the Seller Parties contained in this Agreement are complete and correct in all material respects, (b) that the Acquired Companies and the Seller Parties are in compliance in all material respects with their respective covenants set forth in this Agreement and (c) satisfaction of the conditions to Buyer's obligation to consummate the transactions contemplated by this Agreement, or waiver of such conditions, immediately after giving effect to the transactions contemplated by this Agreement, Buyer and each of the Acquired Companies: (i) will be solvent (in that both the fair value of its assets will not be less than the sum of its liabilities and that the present saleable value of its assets will not be less than the amount required to pay its probable liabilities as they become absolute and matured) and (ii) will have adequate capital with which to engage in its business. In completing the transactions contemplated by this Agreement, Buyer does not intend to hinder, delay or defraud any present or future creditors of Buyer or the Acquired Companies.

5.7 Brokerage. Except as set forth in Section 5.7 of the Buyer Disclosure Letter, no Person is or will become entitled, by reason of any Contract, arrangement or understanding entered into or made by or on behalf of Buyer, to receive any commission, brokerage, finder's fee or other similar compensation in connection with the consummation of the transactions contemplated by this Agreement.

5.8 Due Diligence Investigation. Buyer has had an opportunity to discuss the business, management, operations and finances of the Acquired Companies with their respective officers, directors, employees, agents, representatives and Affiliates, and has had an opportunity to inspect the facilities of the Acquired Companies. Buyer has conducted its own independent investigation of the Acquired Companies. Buyer acknowledges that no current or former shareholder, director, officer, employee, affiliate or advisor of any of the Acquired Companies has made or is making any representations, warranties or commitments whatsoever regarding the subject matter of this Agreement, express or implied, except as set forth in Articles 3 and 4. The parties acknowledge and agree that nothing in this Section 5.8 will apply to, prevent, limit or otherwise affect in any way whatsoever Buyer's right to make any claim in respect of Fraud.

## ARTICLE 6

## Conditions Precedent

6.1 Conditions to Buyer's Obligation. The obligation of Buyer to consummate the closing of the transactions contemplated in this Agreement is subject to the satisfaction or waiver (by Buyer in writing), at or before the Closing, of the following conditions set forth in this Section 6.1:

(a) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement (and any extension thereof) has expired or been terminated, and all filings, authorizations and approvals and consents set forth in Section 6.1(a)

of the Disclosure Letter have been made with or obtained, as required, from all applicable Governmental Authorities (the "Antitrust Approvals");

(b) no Proceeding is pending before any Governmental Authority that seeks to restrain, delay, prohibit, invalidate, set aside or impose any conditions upon the Closing, in whole or in part, and no Order with respect thereto is in effect;

(c) (i) the Fundamental Representations of each Seller Party contained in Article 3 and of the Company contained in Article 4 (excluding the Fundamental Representations set forth in Section 4.9(d)) are accurate, true and correct in all respects (other than de minimis breaches or inaccuracies) on and as of the date of this Agreement and the Closing Date with the same force and effect as if made as of the Closing Date (other than those Fundamental Representations made as of a specific date, which will be accurate, true and correct as of that date); (ii) all other representations and warranties of the Seller Parties and the Company contained in this Agreement, including the Fundamental Representations set forth in Section 4.9(d), (without giving effect to any materiality or Material Adverse Effect qualification or exception, or words of similar import) shall be accurate, true and correct on and as of the date of this Agreement and the Closing Date with the same force and effect as if made as of the Closing Date (except if such representations and warranties expressly speak to a specific date, such representations and warranties shall be accurate, true and correct as of such earlier date), except for any breaches or inaccuracies of any such representations and warranties that do not constitute a Material Adverse Effect; (iii) the Seller Parties and the Company have performed and complied with, or caused to have been performed or complied with, in all material respects, all of the covenants and agreements required by this Agreement to be performed by the Seller Parties or the Company prior to the Closing; and (iv) Buyer has received a certificate executed by an officer of the Company, dated as of the Closing Date, representing that each of the conditions specified above in clauses (i), (ii) and (iii) is satisfied;

(d) no Material Adverse Effect has occurred since the date of this Agreement;

(e) (i) the Pre-Closing Transactions have been consummated at least one (1) Business Day prior to the Closing Date and (ii) Buyer has received documents reflecting the consummation of the Pre-Closing Transactions;

(f) Buyer has received the following:

(i) an instrument of assignment of limited liability company interests in form and substance sufficient to transfer to Buyer ownership of the LLC Interests, free and clear of any Liens (other than restrictions expressly imposed by the Organizational Documents of the Seller or generally included under applicable federal and state securities Laws);

(ii) the share certificates or equivalent for the securities of each Acquired Company other than the Company, in the name of the registered holder;

(iii) the written resignation, effective as of the Closing, of the directors, managers and non-employee officers of the Acquired Companies;

(iv) payoff letters in a commercially reasonable form with respect to the Repaid Closing Indebtedness, which letters provide for the dollar amount required to repay in full all of the Repaid Closing Indebtedness and for the termination and release of all Liens relating to the Repaid Closing Indebtedness following satisfaction of the terms contained in the payoff letters;

(v) a non-foreign person affidavit, in a form reasonably acceptable to Buyer, satisfying the requirements of Code Section 1445 executed by the Seller;

(vi) a certificate of good standing (or its equivalent) as of the most recent practicable date from the Secretary of State (or its equivalent) where each Acquired Company is incorporated or organized;

(vii) the certificate described in Section 6.1(c)(iv);

(viii) counterparts to the Restrictive Covenant Agreements, duly executed by each Seller Party (other than the ESOP);

(ix) a counterpart signature page to the Escrow Agreement, duly executed by Sellers' Representative;

(x) a copy of the Fairness Opinion;

(xi) each of the third-party consents set forth in Section 6.1(f)(xi) of the Disclosure Letter in a form reasonably acceptable to Buyer, each of which shall be in full force and effect on the Closing Date;

(xii) A duly executed termination agreement by and between the Company and its Affiliates (if applicable) and William Blair & Company, L.L.C. with respect to the termination of the investment banking engagement of William Blair & Company, L.L.C. and any and all payments due in connection therewith;

(xiii) a copy of a USB drive containing a true, complete and correct copy of the virtual data site for Project Golden Flash (including the Golden Flash Clean Room) hosted on Intralinks as of the date hereof;

(xiv) when combined with the approvals evidenced by the execution of this Agreement by the Stockholders other than the ESOP, evidence that a sufficient number of shares of Seller held by the ESOP are voted (through, as applicable, any pass-through voting procedure required by Section 409(e) of the Code) in favor of the transactions contemplated herein such that any requirement under the Organizational Documents and applicable Law with respect to the approval of such transactions by Seller's shareholders is satisfied (the "Shareholder Approval Requirement");

(xv) copies of the incorporation or formation documents of each Acquired Company, certified by the applicable Secretary of State or equivalent as of a recent date;

(xvi) those deliverables related to the foreign Acquired Companies set forth on Section 6.1(f)(xvi) of the Disclosure Letter;

(xvii) evidence, in a commercially reasonable form, that (A) the Promissory Note (APS/ESOP) in the original principal amount of $6,930,982, issued by the Trustees of the ESOP to the Company on September 29, 2010 and (B) the ESOP Non-Recourse Promissory Note in the original principal amount of $16,542,186, issued by the ESOP to the Company on December 12, 2017 have been satisfied in full;

(xviii) a lease agreement between the Company and Realty Five, Ltd., an Ohio limited partnership (the "Landlord"), for the Company's leased premises located at 13555 McCracken Road, Garfield Heights, Ohio, consistent with the terms of that certain Lease Term Sheet, dated as of the date hereof, between the Company and the Landlord (the "Lease Term Sheet"), duly executed by the Company and the Landlord;

(xix) the preparation, and agreement as to the contents (as further described in Section 8.1.7 hereof), of the Repair List (as such term is defined under the Lease Term Sheet) and evidence that those repairs set forth on the Repair List that were undertaken to be completed by the Landlord prior to the Closing have been completed to Buyer's reasonable satisfaction;

(xx) evidence provided by the Acquired Companies' payroll processor reasonably satisfactory to Buyer that any liabilities in respect of the Terminating Plans owing to the participants in the Terminating Plans have been paid in full;

(xxi) a duly executed termination agreement by and between the Company and Hershey Lerner, terminating that certain Consulting Agreement, dated November 1, 2018, by and between the Company and Hershey Lerner, in form and substance reasonably satisfactory to Buyer; and

(xxii) evidence that the Company has sold all of the equity it holds in Sun Life Financial, Inc.

Any agreement or document to be delivered to Buyer pursuant to this Section 6.1, the form of which is not attached to this Agreement as an exhibit, will be in form and substance reasonably satisfactory to Buyer.

6.2 Conditions to the Seller Parties' Obligation. The respective obligations of the Seller Parties to consummate the closing of the transactions contemplated in this Agreement are subject to the satisfaction or waiver (by Sellers' Representative in writing), at or before the Closing, of the following conditions set forth in this Section 6.2:

(a) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement (and any extension thereof) has expired or been terminated, and all Antitrust Approvals have been made with or obtained, as required, from all applicable Governmental Authorities;

(b) no Proceeding is pending before any Governmental Authority that seeks to restrain, delay, prohibit, invalidate, set aside or impose any conditions upon the Closing, in whole or in part, and no Order with respect thereto is in effect;

(c) (i) the Fundamental Representations of Buyer contained in Article 5 are accurate, true and correct in all respects (other than de minimis breaches or inaccuracies) on and as of the date of this Agreement and the Closing Date with the same force and effect as if made as of the Closing Date (other than those Fundamental Representations made as of a specific date, which will be accurate, true and correct as of that date); (ii) all other representations and warranties of Buyer contained in this Agreement (without giving effect to any materiality or material adverse effect qualification or exception, or words of similar import) shall be accurate, true and correct on and as of the date of this Agreement and the Closing Date with the same force and effect as if made as of the Closing Date (except if such representations and warranties expressly speak to a specific date, such representations and warranties shall be accurate, true and correct as of such earlier date), except for any breaches or inaccuracies of any such representations and warranties that do not constitute a material adverse effect for Buyer; (iii) Buyer has performed and complied with, or caused to have been performed or complied with, in all material respects, all of the covenants and agreements required by this Agreement to be performed by Buyer prior to the Closing; and (iv) Sellers' Representative has received a certificate executed by an officer of Buyer, dated as of the Closing Date, representing that each of the conditions specified above in clauses (i), (ii) and (iii) is satisfied;

(d) Buyer has delivered, or cause to have been delivered, (i) the Closing Cash Payment to the Sellers' Account and (ii) the Adjustment Escrow Amount to the Escrow Agent, in each case in accordance with Section 2.3;

(e) the ESOP Trustee has received the Fairness Opinion with respect to the transactions contemplated by this Agreement;

(f) Buyer has paid on behalf of the Seller or the Acquired Companies, as applicable, or caused to have been paid on behalf of the Seller or the Acquired Companies, as applicable, the Repaid Closing Indebtedness, the Estimated Transaction Bonuses and the Estimated Selling Expenses in accordance with Section 2.3;

(g) the Shareholder Approval Requirement has been satisfied; and

(h) Sellers' Representative has received the following:

(i) a certificate of good standing as of the most recent practicable date from the Secretary of State where Buyer is incorporated;

(ii) the certificate described in Section 6.2(c)(iv);

(iii) counterparts to the Restrictive Covenant Agreements, duly executed by Buyer; and

(iv) a counterpart to the Escrow Agreement, duly executed by Buyer and the Escrow Agent.

Any agreement or document to be delivered to Sellers' Representative pursuant to this Section 6.2, the form of which is not attached to this Agreement as an exhibit, will be in form and substance reasonably satisfactory to Sellers' Representative.

Notwithstanding the foregoing, nothing in this Section 6.2 shall limit the ESOP Trustee, in the exercise of its fiduciary duties under ERISA, in taking or refusing to take any action as may be required by ERISA or the Code.

6.3 Frustration of Closing Conditions. None of the Company, Buyer or the Seller Parties may rely on the failure of any condition set forth in Article 6 to be satisfied if such failure was caused by such party's failure to comply with its obligations under this Agreement.

## ARTICLE 7

## The Closing

Unless this Agreement is earlier terminated pursuant to Section 8.1.4, the consummation of the transactions contemplated herein (the "Closing") will take place on the date that is no later than the first (1st) Business Day of the calendar month that starts immediately following the second (2nd) Business Day following the satisfaction or waiver (to the extent permitted by applicable Law) of all of the conditions set forth in Article 6 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver thereof) and will take place by email exchange of relevant signature pages, deliveries and other documents as described herein (with originals, as applicable, to follow via regular or overnight mail), unless Buyer and Sellers' Representative otherwise mutually agree. The date on which the Closing actually occurs is the "Closing Date." The transfers and deliveries described in Article 6 are mutually interdependent and regarded as occurring simultaneously, and, any other provision of this Agreement notwithstanding, no one transfer or delivery becomes effective or is deemed to have occurred until all of the other transfers and deliveries provided for in Article 6 also have occurred or been waived in writing by the party entitled to the transfer or delivery, it being understood that Sellers' Representative has the authority to waive, on behalf of the Seller Parties or any Seller Party, any delivery required at or before the Closing by Buyer. Notwithstanding the actual occurrence of the Closing at any particular time on the Closing Date, the Closing shall be deemed effective as of 12:01 a.m. Eastern Time on the Closing Date (the "Effective Time"); provided, however, that Transaction Bonuses, Selling Expenses, and Closing Indebtedness (and other similar amounts) actually paid on the Closing Date or economically borne by the Seller and paid by Buyer or an Acquired Company (at the direction of the Seller) on the Closing Date, and any Tax deductions related thereto, shall be allocated to the Seller for income tax purposes to the extent permitted by

applicable Law. For purposes of passage of title and risk of loss, the effective time is the actual time of the Closing, as described in this Article 7.

## ARTICLE 8

## Additional Covenants and Agreements

8.1 Pre-Closing Covenants and Agreements.

8.1.1 Conduct of Business. During the period between the date of this Agreement until the earlier to occur of the termination of this Agreement in accordance with Section 8.1.4 or the Closing Date (the "Pre-Closing Period"), except as otherwise expressly provided for in this Agreement or the Disclosure Letter, or except to the extent Buyer otherwise consents in writing (such consent not to be unreasonably withheld, conditioned or delayed), the Company will and will cause each of the other Acquired Companies to (a) act and carry on its business in the ordinary course of business, (b) use commercially reasonable efforts to maintain and preserve in all material respects each Acquired Company's business organization, assets, properties, goodwill and relationships with its customers, suppliers, vendors, employees and other third parties in the ordinary course of business consistent with past practice and (c) maintain all of its current insurance policies (or promptly replace the same). Without limiting the generality of the foregoing, except as expressly provided herein or as set forth in Section 8.1.1 of the Disclosure Letter, without the prior written consent of Buyer (not to be unreasonably withheld, conditioned or delayed), the Company shall not, and shall cause the other Acquired Companies not to, directly or indirectly, (i) take any action (or omit to take any action) which, if taken (or omitted to be taken) after the date hereof, would have been required to be listed in Section 4.6 of the Disclosure Letter; provided, however, that this restriction shall not apply to subsection (i) of Section 4.6; provided further, that this restriction shall still apply if the applicable entry into, amendment, modification or termination described in subsection (i) of Section 4.6 was not in the ordinary course of business or would otherwise limit or restrict in any material respect the freedom of any Acquired Company to engage in any business or compete with any Person; (ii) hire or terminate any employees of any Acquired Company with a salary in excess of One Hundred Thousand Dollars ($100,000) or (iii) modify or terminate any Contract with an employee or Contractor made in favor of any Acquired Company that contains restrictive covenants, including non-competition and non-solicitation covenants, in a manner that would decrease the scope or coverage of such covenants. For the avoidance of doubt, prior to the Closing, the Acquired Companies may use cash on hand to pay existing Indebtedness without any consent of Buyer; provided, that such payments do not (A) violate the terms of any Contract to which an Acquired Company is party or (B) otherwise create any liability for any Acquired Company. Notwithstanding the foregoing, nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of the Acquired Companies prior to the Closing and, prior to the Closing, the Company shall exercise, consistent with and subject to the terms and conditions of this Agreement, complete control and supervision over its and the other Acquired Companies' operations.

8.1.2 Access. During the Pre-Closing Period, Buyer and its representatives will have reasonable access during normal business hours to the personnel, facilities, premises,

properties, counsel, accountants, consultants, representatives, books and records (including Tax records), contracts, financial and operating data and other information and documents (in compliance with applicable Privacy Laws and subject to the Confidentiality Agreement) of, or pertaining to, the Acquired Companies as Buyer may reasonably request. The Acquired Companies shall reasonably cooperate with any such reasonable requests for access to the extent such access does not unreasonably interfere with the conduct of the businesses of the Acquired Companies. Notwithstanding the foregoing, representatives of Buyer will not be permitted to conduct any environmental testing or sampling at the Acquired Companies' facilities. Any inspection pursuant to this Section 8.1.2 will be conducted in a manner that does not interfere unreasonably with the conduct of the businesses of the Acquired Companies, and in no event will any provision hereof be interpreted to require the Acquired Companies to permit any inspection or to disclose any information that the Acquired Companies reasonably determine may violate any Law, any of their legal obligations with respect to confidentiality or that would result in the loss of an attorney-client or work product privilege. During the Pre-Closing Period, Buyer and its representatives will not contact any of the employees, landlords, customers or suppliers of the Acquired Companies without the prior written consent of Sellers' Representative (which may not be unreasonably withheld, delayed or conditioned). The parties acknowledge and agree that any and all of those contacts will be arranged by Sellers' Representative and that Buyer and Sellers' Representative will mutually agree on the timing and manner of contact with all employees, landlords, customers or suppliers.

8.1.3 Satisfaction of Closing Conditions; HSR.

(a) During the Pre-Closing Period and subject to the terms and conditions of this Agreement, the Company and Buyer will each use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary under the terms of this Agreement or under applicable Laws to cause the satisfaction of the conditions set forth in Article 6 and to consummate the transactions contemplated by this Agreement, including using their respective commercially reasonable efforts to obtain or make all authorizations, filings, consents, Permits, waivers or other approvals of all Governmental Authorities that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement, and the parties will reasonably cooperate with each other with respect to each of the foregoing, including by using commercially reasonable efforts to maintain in full force and effect the Representation and Warranty Policy.

(b) Buyer and the Company agree to file, or cause to be filed, a Notification and Report Form and documentary materials in respect of the transactions contemplated by this Agreement with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice as soon as practicable, and in any event within five (5) Business Days after the date hereof (the "HSR Filing"), which HSR Filing requests early termination of the applicable waiting period under the HSR Act. All filing fees payable with respect to this filing will be paid 50% by Buyer and 50% by the Seller. Buyer and the Company agree to promptly file any other report required by any other Governmental Authority relating to antitrust matters, and to promptly make any filings or submissions required under any applicable foreign antitrust or trade regulation Law (which filings or submissions, to the extent applicable,

request early termination of any applicable waiting period), and any filing fees payable in connection therewith will be paid by 50% by Buyer and 50% by the Seller. Each of the Company and Buyer will furnish to the other necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under any other applicable antitrust regulation. Each of the Company and Buyer will promptly inform the other party of any material communication it has or receives from any Governmental Authority with respect to the transactions contemplated by this Agreement or in respect of the HSR Filing or any foreign antitrust or competition filing. Each of the Company and Buyer will: (a) use its respective commercially reasonable efforts to comply as expeditiously as possible with all requests of any Governmental Authority for additional information and documents, including information or documents requested under the HSR Act or other applicable antitrust regulation; (b) not (i) extend any waiting period under the HSR Act or any applicable antitrust regulation or (ii) enter into any agreement with any Governmental Authority not to consummate the transactions contemplated by this Agreement, except, in each case, with the prior consent of the other party; (c) cooperate with the other and use commercially reasonable efforts to contest and resist any action, including legislative, administrative or judicial action, and to have vacated, lifted, reversed or overturned any Order (whether temporary, preliminary or permanent) that restricts, prevents or prohibits the consummation of the transactions contemplated by this Agreement; and (d) to the extent permitted by Law, provide counsel for the other party with copies of all filings made by such party and all correspondence between such party (and its advisors) with any Governmental Authority or received from such a Governmental Authority in connection with the transactions contemplated by this Agreement.

8.1.4 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Buyer and Sellers' Representative;

(b) by Buyer or Sellers' Representative, upon written notice to the other party, if a Governmental Authority of competent jurisdiction has issued, promulgated, enacted, entered or enforced a final non-appealable Order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; except that the right to terminate this Agreement pursuant to this Section 8.1.4(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the primary cause of such Order;

(c) by (i) Buyer if it is not then in material breach of its obligations under this Agreement and (A) there is a breach of any of the representations, warranties, covenants or agreements of the Seller Parties or the Company set forth in this Agreement or (B) any of the representations or warranties of the Seller Parties or the Company have become untrue, in the case of (A) or (B) such that the conditions set forth in Section 6.1(c) would not be satisfied and, in either case, such breach or inaccuracy is not waived or, if curable, cured, in each case, prior to the earlier of (I) thirty (30) days after notice thereof and (II) the Termination Date; or (ii) Sellers' Representative if none of the Seller Parties, the Company or Sellers' Representative are then in material breach of their respective obligations under this Agreement and (A) there is a breach of

any of the representations, warranties, covenants or agreements of Buyer set forth in this Agreement or (B) any of the representations or warranties of Buyer have become untrue, in the case of (A) or (B) such that the conditions set forth in Section 6.2(c) would not be satisfied and, in either case, such breach or inaccuracy is not waived or, if curable, cured, in each case, prior to the earlier of (I) thirty (30) days after notice thereof and (II) the Termination Date; or

(d) by (i) Buyer if any of the conditions in Section 6.1 have not been satisfied on or before the date that is the six (6) month anniversary of the date of this Agreement (the "Termination Date") or if satisfaction of any such condition is or becomes impossible (other than through the failure of Buyer to comply with or perform its obligations under this Agreement) and Buyer has not waived such condition; or (ii) Sellers' Representative if any of the conditions in Section 6.2 have not been satisfied on or before the Termination Date or if satisfaction of any such condition is or becomes impossible (other than through the failure of the Seller, the Company or Sellers' Representative to comply with or perform their respective obligations under this Agreement) and Sellers' Representative has not waived such condition; provided, that, in each case, the right to terminate this Agreement pursuant to this Section 8.1.4(d) shall not be available to any party that is in breach in any material respect of its obligations hereunder.

If this Agreement is validly terminated pursuant to this Section 8.1.4, this Agreement (other than this Section 8.1.4, Section 8.2.2, Section 8.2.4 and Article 11, as well as any defined terms used in such sections, which will survive any such termination) will become null and void and have no further force and effect and all other rights and liabilities of the parties hereunder will terminate without any liability on the part of any party to any other party, except for liabilities arising in respect of Fraud or breaches of this Agreement by any party prior to such termination.

8.1.5 Pre-Closing Publicity. During the Pre-Closing Period, except as otherwise set forth herein, no party will make any public announcement or press release regarding this Agreement or the transactions contemplated herein without the prior approval of Buyer or Sellers' Representative, as the case may be, which approval will not be unreasonably withheld, delayed or conditioned, except (a) as required by applicable Law or by any Governmental Authority or the rules of any stock exchange or trading system or (b) as may be reasonably necessary to enforce any right or remedy under or relating to this Agreement. Notwithstanding the foregoing, Buyer shall make the initial press release made after the execution hereof, subject to Sellers' Representative's approval as set forth above. In addition, nothing herein precludes communications or disclosures necessary to implement the provisions of this Agreement, and Buyer, the Seller Parties, Sellers' Representative and their respective Affiliates may make any disclosures they consider necessary to satisfy their legal or contractual obligations to their lenders, shareholders or investors without the prior written consent of the Seller Parties or Sellers' Representative or Buyer, as the case may be.

8.1.6 Representation and Warranty Policy. The parties acknowledge that, as of the date hereof, Buyer has obtained (at its sole cost, including the total premium, underwriting costs, brokerage commission, Taxes related to such policy and other fees and expenses of such policy) the Representation and Warranty Policy. Buyer will not modify or cancel the

Representation and Warranty Policy without Sellers' Representative's written consent if such modification or cancelation would permit the insurer under the Representation and Warranty Policy to have any express right of indemnification, contribution, subrogation or other rights to pursue any claim against any Seller Party or Sellers' Representative (other than in respect of Fraud).

8.1.7 Repair List. Buyer and the Company agree to use commercially reasonable efforts to reach agreement as to the contents of the Repair List (as such term is defined under the Lease Term Sheet), and further acknowledge and agree that such Repair List is intended only to include (i) those repairs of material importance necessary for the applicable Leased Real Property to continue for the next three (3) years to be functional in a similar manner as currently used and (ii) any repairs required for such Leased Real Property to comply with applicable Laws.

8.1.8 Updated Employee Listing. The Acquired Companies will provide an updated Employee Listing, including a breakdown of compensation by category for calendar year 2018 for employees in Asia and Latin America, approximately two (2) weeks before the anticipated Closing Date, but in no event less than three Business Days prior to the Closing.

8.2 Miscellaneous Covenants.

8.2.1 Post-Closing Publicity. Following the Closing, no party will make any public disclosure or comment regarding the specific terms of this Agreement or the transactions contemplated herein without the prior approval of Buyer or Sellers' Representative, as the case may be, which approval will not be unreasonably withheld, delayed or conditioned, except as may be required by Law or by any Governmental Authority or the rules of any stock exchange or trading system or as may be reasonably necessary to enforce any right or remedy under or relating to this Agreement, except that (a) each party is entitled to disclose or comment to any Person that a transaction has been consummated and provide any information previously made public as part of a press release or public announcement issued or made in accordance with Section 8.1.5 and (b) this Section 8.2.1 shall not apply to Buyer's filings with the Securities and Exchange Commission, including filings on Forms 10-Q, 10-K or 8-K or any filing that includes this Agreement as an exhibit, nor shall it apply to any earnings call conducted by Buyer.

8.2.2 Expenses. Buyer will pay all fees and expenses incident to the transactions contemplated by this Agreement that are incurred by Buyer or its representatives or are otherwise expressly allocated to Buyer hereunder, and the Seller Parties or the Acquired Companies (with the Acquired Companies only being obligated for payment of any expenses of the Seller Parties and the Acquired Companies if the payment is made prior to the Closing or the expenses are accrued on the Final Adjustment Statement) will pay all fees and expenses incident to the transactions contemplated by this Agreement that are incurred by the Seller Parties or any Acquired Company or their respective representatives or are otherwise expressly allocated to the Seller Parties hereunder; provided, that the ESOP Trust's liability for such expenses shall be limited to and only payable from the Sellers' Representative Holdback Amount.

8.2.3 Confidentiality Agreement. Notwithstanding the execution of this Agreement, the parties acknowledge that the confidentiality letter agreement relating to confidential information of the Company executed by Sealed Air Corporation and the Company, dated September 28, 2018 (the "Confidentiality Agreement"), remains in full force and effect pursuant to its terms, except to the extent reasonably necessary for Buyer to enforce any of its rights under this Agreement, but will terminate automatically, without action by any party thereto, at the Closing.

8.2.4 Access by Sellers' Representative. Buyer will, and will cause each of the Acquired Companies to, for a period of five (5) years after the Closing Date, during normal business hours and upon reasonable advance notice, provide Sellers' Representative and Sellers' Representative's designees and representatives with reasonable access to the books and records of the Acquired Companies that is reasonably requested by Sellers' Representative in connection with the preparation of the Seller Parties' financial reports or Tax Returns (including the Tax Returns described in Section 9.2.1), the defense or prosecution of Proceedings (other than Proceedings in which Buyer is the opposing party) and any other reasonable need of Sellers' Representative (including Tax matters in which a Seller Party is involved) to consult such books and records, who will be entitled, at Sellers' Representative's expense, to make extracts and copies of these books and records. Sellers' Representative will treat confidentially any information obtained pursuant to this Section 8.2.4, in accordance with Section 8.7, including any information related to Buyer, any Acquired Company or the businesses of the Acquired Companies. Buyer will not, during the five (5) year period, destroy or cause or permit to be destroyed any material books or records without first obtaining the consent of Sellers' Representative (or providing to Sellers' Representative notice of its intent to destroy and a reasonable opportunity to copy the applicable books or records, at the Seller Parties' expense, at least thirty (30) days prior to destruction).

8.2.5 Continuation of Indemnification. Following the Closing, Buyer will cause the Acquired Companies to, in accordance with their respective Organizational Documents, indemnify and hold harmless each of the present and former directors and officers of the Acquired Companies, in their capacities as such, from and against all damages, costs and expenses actually incurred or suffered in connection with any threatened or pending Proceeding at Law or in equity by any Person or any arbitration or administrative or other Proceeding relating to the businesses of the Acquired Companies or the status of such individual as a director or officer prior to the Closing, to the fullest extent contemplated under the respective Organizational Documents of the Acquired Companies as of the date hereof. Buyer will not amend or modify the Organizational Documents of any of the Acquired Companies with respect to any indemnification provision or provisions, including provisions respecting the advancement of expenses, in effect on the Closing Date for the benefit of the (current or former) directors or officers (except to the extent that such amendment preserves or broadens the indemnification or other rights theretofore available to such directors or officers). At the Closing, Buyer will purchase a "tail" policy with respect to the existing directors' and officers' and fiduciary liability insurance policies of the Acquired Companies covering all current members of the board of directors and officers of the Acquired Companies for a period of six (6) years following the Closing Date. Buyer will not knowingly take or fail to take, and will take commercially

reasonable steps to cause the Acquired Companies not to take or fail to take, any action that could reasonably be expected to result in the termination, cancellation, rescission or other adverse consequence with respect to the coverage provided by the tail policy(ies). Buyer will use, or cause the Acquired Companies to use, reasonable commercial efforts to submit claims (or assist the officers and directors covered under the policy in submitting claims) and to take all other actions reasonably necessary to provide to the Acquired Companies and the directors and officers thereof the full benefits to which they are entitled under the tail policy(ies). This Section 8.2.5 will continue for a period of six (6) years following the Closing and is intended to benefit each director and officer of the Acquired Companies who has held such capacity on or prior to the Closing Date and is now or at any time during that six (6) year period entitled to indemnification or advancement of expenses pursuant to any provisions contained in such Acquired Companies' Organizational Documents as of the date hereof. In the event Buyer, any of the Acquired Companies or any of their respective successors and assigns (a) consolidates with or merges into any Person and is not the continuing or surviving corporation or entity in the consolidation or merger or (b) transfers all or substantially all of its properties and assets to any Person, then, and in either case, the successors and assigns of Buyer or the Acquired Companies, as the case may be, shall assume all of the obligations set forth in this Section 8.2.5. Notwithstanding the foregoing, no director or officer of any Acquired Company will have any right of indemnification or right of advancement from Buyer or any of its Affiliates (including the Acquired Companies) with respect to breaches of this Agreement by such Person (in his or her capacity as a Stockholder) or the Company.

8.2.6 Sellers' Representative.

(a) Sellers' Representative is designated by each Seller Party to serve as the representative of the Seller Parties with respect to the matters expressly set forth in Section 8.2.6(b) and with respect to the matters otherwise set forth in this Agreement to be performed by Sellers' Representative. Should the initial Sellers' Representative resign or be unable to serve, the Stockholders currently holding more than fifty percent (50%) of the Shares as of the date hereof on a fully diluted basis will designate a single substitute agent to serve as the successor Sellers' Representative. The appointment of a successor will be effective on the date of Sellers' Representative's resignation or incapacity or, if later, the date on which the successor is appointed.

(b) Each Seller Party, by the execution of this Agreement, irrevocably appoints Sellers' Representative as the agent, proxy and attorney-in-fact for that Seller Party for all purposes of this Agreement, including the full power and authority on that Seller Party's behalf: (i) to consummate the transactions contemplated herein and any post-Closing matters, including making decisions and taking any action with respect to the matters set forth in Section 2.4 (Post-Closing Adjustment); (ii) to pay that Seller Party's expenses incurred in connection with the negotiation and performance of this Agreement (whether incurred on or after the date of this Agreement); (iii) to disburse any funds received hereunder to that Seller Party and each other Seller Party and to hold and disburse funds from the Sellers' Representative Holdback Amount for the payment of post-Closing fees, expenses and other obligations of the Seller Parties or Sellers' Representative in connection with the transactions contemplated by this Agreement (with

any excess from the Sellers' Representative Holdback Amount after payment of such post-Closing fees, expenses and other obligations to be disbursed to the Seller); (iv) to endorse and deliver any certificates or instruments representing the LLC Interests and execute any further instruments of assignment as Buyer will reasonably request; (v) to make, execute and deliver on behalf of that Seller Party any amendment or waiver of, or in connection with, this Agreement and the other agreements or documents contemplated hereby as Sellers' Representative, in Sellers' Representative's sole discretion, may deem necessary or desirable; (vi) to take all other actions to be taken by or on behalf of that Seller Party in connection herewith; (vii) to do each and every act and exercise any and all rights that the Seller Parties collectively are permitted or required to do or exercise under this Agreement; (viii) to prepare and distribute to each Seller Party any documentation necessary or desirable for the filing of income Tax Returns; and (ix) to make, execute, acknowledge and deliver this Agreement and all other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, letters and other writings, and, in general, to do any and all things and to take any and all action that Sellers' Representative, in Sellers' Representative's sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the transactions contemplated by this Agreement and all other agreements and documents referred to herein or therein or executed in connection herewith and therewith, including holding and disbursing the Sellers' Representative Holdback Amount in accordance with the terms of this Agreement, retaining counsel, accountants and other agents, representatives and experts, incurring fees and expenses, asserting or pursuing any claim against Buyer, the Company or any Seller Party, defending any claims by Buyer or third parties, consenting to, compromising or settling any of those claims, conducting negotiations with Buyer, the Company and their respective representatives regarding those claims, it being understood that Sellers' Representative does not have any obligation to take any such actions, and will not have any liability for any failure to take any such actions. Notwithstanding anything to the contrary herein, however, Sellers' Representative does not have the power to take any action or actions arising out of any alleged breach of any representation or warranty in Article 3 or any covenant or agreement contained herein by a particular Seller Party or group of the Seller Parties without the express authorization of that Seller Party or group of the Seller Parties, and Buyer acknowledges this limitation. Each Seller Party acknowledges that this agency and proxy are coupled with an interest, are therefore irrevocable without the consent of Sellers' Representative and survive the death, incapacity, bankruptcy, dissolution or liquidation of any Seller Party. All decisions and actions by Sellers' Representative (to the extent authorized by this Agreement) are binding upon all of the Seller Parties, and no Seller Party has the right to object, dissent, protest or otherwise contest any decision or action; except that Sellers' Representative will not take any action where (x) any single Seller Party would be held solely liable for any actual losses (without that Seller Party's consent) or (y) the action materially and adversely affects the substantive rights or obligations of one Seller Party, or group of Seller Parties, without a similar proportionate effect upon the substantive rights or obligations of all Seller Parties, unless each disproportionately affected Seller Party consents to the action. Notwithstanding the foregoing, Sellers' Representative shall consult with the ESOP Trustee in advance of any decision regarding a resolution of differences that may adversely affect the consideration paid for the LLC Interests.

(c) Buyer and the Acquired Companies may rely on any action taken or omission to act by Sellers' Representative, on behalf of a Seller Party, pursuant to Section 8.2.6(b) above (an "Authorized Action"), and each Authorized Action is binding on each Seller Party as fully as if that Seller Party had taken the Authorized Action. Sellers' Representative, in its capacity as Sellers' Representative, has no liability to Buyer or the Company for any Authorized Action, except to the extent that the Authorized Action is found by a final order of a court of competent jurisdiction to have constituted fraud or willful misconduct. Each Seller Party severally, for itself only and not jointly and severally, will indemnify and hold harmless Sellers' Representative against all expenses (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by Sellers' Representative in connection with any Proceeding to which Sellers' Representative is made a party by reason of the fact he is or was acting as Sellers' Representative pursuant to the terms of this Agreement and any expenses incurred by Sellers' Representative in connection with the performance of Sellers' Representative's duties hereunder; provided, that the ESOP Trust's liability for such expenses shall be limited to and only payable from the Sellers' Representative Holdback Amount.

(d) Sellers' Representative is not entitled to any fee, commission or other compensation for the performance of Sellers' Representative's services, but is entitled to the payment by the Seller Parties of all expenses incurred as Sellers' Representative; provided, that the ESOP Trust's liability for its pro rata portion of such expenses shall be limited to and only payable from the Sellers' Representative Holdback Amount.

(e) Sellers' Representative does not have by reason of this Agreement a fiduciary relationship in respect of any Seller Party, except in respect of amounts received hereunder on behalf of a Seller Party. Sellers' Representative is not liable to any Seller Party for any action taken or omitted by Sellers' Representative or any agent employed by Sellers' Representative hereunder or under any other document entered into in connection herewith, except that Sellers' Representative is not relieved of any liability imposed by Law for fraud or willful misconduct. Sellers' Representative is not liable to the Seller Parties for any apportionment or distribution of payments made by Sellers' Representative in good faith, and if any apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Seller Party to whom payment was due, but not made, is to recover from the other Seller Parties any payment in excess of the amount to which they are determined to have been entitled. Neither Sellers' Representative nor any agent employed by Sellers' Representative will incur any liability to any Seller Party by virtue of the failure or refusal of Sellers' Representative for any reason to consummate the transactions contemplated hereby or relating to the performance of Sellers' Representative's other duties hereunder, except for actions or omissions constituting fraud or bad faith. Buyer and each Acquired Company is hereby relieved from liability from any Seller Party for any acts done by any of them in accordance with such decision, act, consent or instruction of Sellers' Representative.

(f) All of the indemnities, immunities and powers granted to Sellers' Representative under this Agreement survive the Closing Date.

8.2.7 Further Assurances. From time to time after the Closing, at the request of any party hereto, each other party hereto will execute and deliver further certificates, instruments and other documents and take, or cause to be taken, other action as the party may reasonably request to carry out the transactions contemplated hereby or as may be necessary, proper or advisable under applicable Law.

8.3 No Shop. During the Pre-Closing Period, none of the Seller Parties, Sellers' Representative, the Acquired Companies nor any of their respective Affiliates, directors, managers, officers, employees, representatives or agents (including William Blair & Company, L.L.C.) will, directly or indirectly, (a) discuss, encourage, negotiate, undertake, initiate, authorize, recommend, propose or enter into, whether as the proposed surviving, merged, acquiring or acquired corporation or otherwise, any transaction involving an investment in, merger, consolidation, recapitalization (or similar transaction), business combination, purchase or disposition of any material amount of the assets of any Acquired Company or any capital stock or other ownership interest in any Acquired Company, other than the transactions contemplated by this Agreement (an "Acquisition Transaction"), (b) facilitate, encourage, support, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Acquisition Transaction, (c) furnish or cause to be furnished to any Person, any information concerning the business, operations, properties or assets of any Acquired Company in connection with an Acquisition Transaction or (d) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing (including, for the avoidance of doubt, by way of providing access to any electronic data room or entering into a letter of intent or memorandum of understanding). Each Seller Party, the Company and each of their respective Affiliates will (i) immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Person conducted prior to or on the date of this Agreement with respect to any Acquisition Transaction and (ii) request any non-public information concerning the Acquired Companies that was delivered in connection with any Acquisition Transaction (other than with Buyer) to be immediately returned to the Company or destroyed, subject to the terms of any confidentiality agreement related thereto. The Acquired Companies, the Seller Parties and Sellers' Representative shall promptly advise Buyer of, and provide to Buyer a summary of the material terms of, any proposal in respect of an Acquisition Transaction that has been submitted to an Acquired Company, its Affiliates or any of its or their respective representatives (including any advisors).

8.4 Seller Release. Effective upon the Closing, each Seller Party, on behalf of himself, herself or itself, and each of their respective successors and assigns (each, a "Seller Releasor"), releases, acquits and forever discharges, to the fullest extent permitted by Law, each of the Acquired Companies and each of their respective current officers, directors, managers, shareholders, partners, equity holders, members, Affiliates and employees of, from and against any and all actions, causes of action, claims, demands, damages, judgments, debts, dues and suits of every kind, nature and description whatsoever, that Seller Releasor ever had, now has or may have by reason of or relating to Seller Releasor being an equity holder of any Acquired Company; except that this release does not extend to any claim to enforce Seller Releasor's

rights under this Agreement, any Seller Ancillary Agreement or any Company Ancillary Agreement.

8.5 Acquired Company Engagements; Privileged Information.

8.5.1 Acquired Company Engagements. Calfee, Halter & Griswold LLP ("Calfee") has acted as counsel for the Acquired Companies, the Seller Parties and Sellers' Representative (collectively, the "Calfee Clients") in connection with this Agreement (the "Sale Engagement"), and Calfee has not acted as counsel for any other Person, including Buyer, in connection therewith; provided, that Ballard Spahr LLP has acted as counsel for the ESOP Trustee. Upon the Closing, only the Calfee Clients will be considered clients of Calfee in the Sale Engagement. All communications between the Calfee Clients and Calfee in the course of or related to the Sale Engagement are deemed to be attorney client confidences that belong solely to Sellers' Representative and not the Acquired Companies. Accordingly, none of the Acquired Companies or Buyer may have access to any of these communications, or to the files of Calfee relating to these communications unless otherwise approved in writing by Sellers' Representative or required by applicable Law; except that nothing in this Section 8.5.1 limits or precludes Buyer or any Acquired Company from using or relying upon any documents or information that are in the possession or control of any Acquired Company on or after the Closing Date. Without limiting the generality of the foregoing, upon and after the Closing, (a) the Seller Parties, Sellers' Representative and Calfee are the sole holders of the attorney-client privilege with respect to communications that relate exclusively to the Sale Engagement, and neither the Acquired Companies nor Buyer is a holder thereof, (b) to the extent that files of Calfee in respect of the Sale Engagement constitute property of a Calfee Client, only the Seller Parties and Sellers' Representative hold property rights (except as set forth in the preceding sentence) and (c) Calfee has no duty to reveal or disclose any attorney-client communications or files related to the Sale Engagement to the Acquired Companies or Buyer by reason of any attorney-client relationship between Calfee and the Acquired Companies or otherwise. Notwithstanding anything to the contrary in this Section 8.5.1, in the event that a dispute arises following the Closing between Buyer and any of its Affiliates, on the one hand, and any third party who is not a party to this Agreement, on the other hand, (x) Buyer or any of its Affiliates may assert the attorney-client privilege to prevent disclosure of communications or information by Calfee to a third party and Sellers' Representative will afford Buyer and its Affiliates and their accountants, counsel and other representatives access to all information and documents covered by the privilege to the extent reasonably necessary for Buyer or any of its Affiliates to evaluate or defend any claims by a third party and (y) Sellers' Representative shall not waive such retained privilege without the prior written consent of Buyer. Any attorney-client privilege that does not attach as a result of the representation by Calfee of the Acquired Companies solely in connection with the Sale Engagement belongs to the Acquired Companies and may be controlled by the Acquired Companies and may be waived only by the Acquired Companies, and not the Seller Parties or Sellers' Representative, and does not pass to and may not be claimed or used by Sellers' Representative.

8.5.2 Post-Closing Legal Representation of the Seller Parties and Sellers' Representative. Without the need for any consent or waiver by the Acquired Companies or

Buyer, Calfee will be permitted to represent any Seller Party and Sellers' Representative after the Closing in connection with any matter, including the Sale Engagement.

8.6 Employee and Employee Benefit Matters.

8.6.1 Credit. As applicable and to the extent that Buyer does not maintain the employee benefit plans of the Acquired Companies, on and after the Closing Date, Buyer will give each employee of the Acquired Companies (the "Transferred Employees") full credit for purposes of eligibility to participate and vesting under any employee benefit plans or arrangements maintained by Buyer and its Affiliates made available to the Transferred Employees and for all purposes under any severance plan, paid-time-off or vacation pay plan maintained by Buyer and its Affiliates and made available to the Transferred Employees, for the Transferred Employees' service to any of the Acquired Companies to the same extent the service is recognized by the comparable employee benefit plan or arrangements maintained by the Transferred Employee's employer immediately prior to the Closing.

8.6.2 Administration. Following the date of this Agreement, the parties hereto will cooperate in all matters reasonably necessary to effect the transactions contemplated by this Section 8.6.

8.6.3 Treatment of Plans. The Company and each Acquired Company shall (a) effective no later than one Business Day prior to the Closing Date, terminate any and all U.S. Plans providing benefits or coverage in the nature of health, life or disability insurance following retirement or other termination of employment (other than death benefits when termination occurs upon death and other than any health plan continuation rights under Section 4980B of the Code and corresponding provisions of ERISA), and shall pay or arrange for payment to any participant in such a Plan any amount determined for such participant under the amendment terminating such Plan (which amount with respect to any participant who is either a current retiree or an active employee who has met, or is within three (3) years of meeting, the age and service requirements for such benefit shall be intended to reflect an actuarial present value of the participant's benefit based on such assumptions as Seller may reasonably determine), and (b) contingent upon the occurrence of Closing and effective as of the Closing Date, terminate the Automated Packaging Systems, Inc. Supplemental Executive Retirement Plan and the Executive Deferred Bonus Plan and provide for payment of the benefits thereunder immediately prior to or at the Closing (collectively, the Plans in (a) and (b), the "Terminating Plans"). To the extent the amounts payable to the participants under the amendments terminating the Terminating Plans have not been paid prior to Closing, then Seller and the Company shall cooperate with respect to the steps to close out the Terminating Plans including the applicable Acquired Company making remaining payments due under the termination amendments and Seller advancing or promptly reimbursing the applicable Acquired Company the cost of making such distributions (including the employer share of any FICA or employment taxes or other similar amounts), to the extent the same is not otherwise included in Closing Indebtedness. In addition, effective no later than one day before the Closing Date, the Seller, the Company, and each Acquired Company shall transfer sponsorship of the restricted share arrangements with executives of the Company (the "Restricted Share Arrangements") and all obligations thereunder to Seller and Seller shall, at or

after Closing, terminate and arrange for payment of any amounts due under the Restricted Share Arrangements. Further, the Seller, the Company, and each Acquired Company shall, effective no later than one day before the Closing Date and contingent upon Closing, amend the Automated Packaging Systems Deferred Incentive Compensation Scheme (the "DICS") to provide for its termination and for distribution of benefits to each participant thereunder in not more than five annual installments payable by Automated Packaging Systems Limited or other Acquired Company employing such participant and providing that no further amendments to the DICS may be made that would adversely affect the rights of any participant in the DICS existing at Closing. The Seller shall procure that the Company and, if applicable, each Acquired Company shall, no later than one day before the Closing Date and contingent upon Closing, give notice to the trustee of the Automated Packaging Systems Pension Plan of ceasing liability to contribute pursuant to Clause V of the Supplemental Deed dated 21st December 1993 thereby triggering a wind-up of such Plan pursuant to Sections 75 and 75A of the Pensions Act 1995, as amended. At the request of Buyer, each Acquired Company (as applicable) will provide Buyer with evidence (i) that amendments terminating each such Plan to be terminated pursuant to this Section 8.6.3 (or in the case of the Restricted Share Arrangements, amendments transferring the sponsorship and obligations to Seller), effective as indicated herein, have been duly adopted no later than the day prior to the Closing Date pursuant to resolutions duly adopted by the applicable governing body or committee of the Acquired Company and (ii) the trustee of the Automated Packaging Systems Pension Plan has received the notice described in the previous sentence. To the extent Buyer and the Acquired Companies are involved in the sponsorship, administration and windup of any of the Plans terminated pursuant to this Section 8.6.3, they shall act in accordance with the provisions of this Section, the terms of such Plan, including the termination amendment thereof (except as such Plan may be later amended), and applicable Law. With respect to any other Plan which as of immediately after the Closing is sponsored by an Acquired Company, Buyer and the Acquired Companies shall administer such Plans in accordance with their terms and applicable Law; provided, that Buyer may amend or terminate any such Plan in such a manner as is consistent with the terms of such Plan and applicable Law.

8.6.4 ESOP Matters.

(a) Not later than the Closing, the Company and Seller shall adopt, subject to the review and consent of the ESOP Trustee and Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), an amendment to the ESOP (the "ESOP Amendment") to provide that, subject to the consummation of the Closing, effective at, immediately following or after the Closing as may be applicable, (i) Seller shall become the plan sponsor and have all the power and authority of the "Company" as defined in and for purposes of the ESOP with respect to periods thereafter (and without assuming any responsibility with respect to prior periods), (ii) the ESOP shall be a profit sharing plan (within the meaning of Section 401 of the Code), and shall cease to be a stock bonus plan and an employee stock ownership plan (within the meaning of Sections 401 and 4975 of the Code), (iii) the ESOP shall be terminated; (iv) pursuant to the termination of the ESOP, no further contributions will be made to the ESOP as of the Closing except for contributions that have been accrued on behalf of participants and beneficiaries prior to the Closing Date, or that are otherwise required by the IRS in connection with the issuance of a favorable determination letter with respect to the termination of the ESOP, (v) pursuant to the

termination of the ESOP, all ESOP participants whose account balances had not previously been distributed in full will be fully vested, (vi) no new participants will be admitted to the ESOP after the Closing, and (vii) such other changes as Seller deems appropriate, which may include, by way of example, provisions regarding the exercise of voting power with respect to the equity of Seller after the Closing and constraints on amendments to the ESOP or the replacement of the administrator or administrative committees of the ESOP after the Closing. The ESOP Amendment shall further provide for full distribution of plan benefits in one or more payments as Seller, in consultation with the ESOP Trustee, may determine, with such distributions being completed as provided in Section 8.6.4(c).

(b) Following the Closing, Seller shall administer and operate the ESOP in all material respects in accordance with the qualification and tax-exemption requirements of the Code and the requirements of ERISA. Pursuant to the termination of the ESOP by the ESOP Amendment, within 120 days after the Closing, the Seller shall file an application with the IRS for a determination for terminating plan (Form 5310) requesting a favorable determination letter to the effect that the termination of the ESOP shall not affect the qualified and tax-exempt status of the ESOP under the Code. The application by the Seller to the IRS shall disclose that the Seller intends to maintain the ESOP's trust fund until the later of receipt of the favorable determination letter or the distribution of all funds held in escrow. Following the Closing, Seller shall promptly adopt, subject to the prior notification of the ESOP Trustee and Sellers' Representative, such amendments to the ESOP as are required by the IRS as a condition to the issuance of such favorable determination letter (provided such actions and amendments would not require material contributions by Seller or materially increase the exposure or obligations of Seller with respect to the ESOP), shall otherwise respond promptly to any request by the IRS to provide additional information and shall use its commercially reasonable efforts, including the payment of necessary fees and expenses, to obtain such favorable determination letter from the IRS, as promptly as practicable.

(c) All payments to ESOP participants shall be made in accordance with the terms of the ESOP (including the ESOP Amendment), taking into account any timely and properly completed distribution elections made in accordance with the terms of the ESOP. With respect to any participant, beneficiary of a deceased participant or alternate payee who has filed an affirmative election to receive distribution from the ESOP, provided that properly completed distribution elections in accordance with the terms of the ESOP have been made and received by Seller, the portion of the account balances of such participant, beneficiary or alternate payee in the ESOP shall be distributed in accordance with the terms of the ESOP. The final distribution of remaining account balances (after any interim distributions), after full payment of the ESOP administrative expenses incurred by the ESOP Trustee as described in Section 8.6.4(d), of such participant, beneficiary or alternate payee in the ESOP, shall be distributed in cash as soon as reasonably practicable following the later of (i) the receipt of a favorable determination from the IRS to the effect that the termination of the ESOP did not adversely affect its tax-qualified status; or (ii) the final distribution of the Adjustment Escrow Amount and the Sellers' Representative Holdback Amount and the receipt by the ESOP of its share of such amounts and any other amounts due to it in connection with the transactions contemplated hereby, the redemption of its shares and the windup of Seller. Following the Closing, with Seller's cooperation, Buyer shall,

and shall cause the Company to, take such actions as are necessary and appropriate to permit a participant receiving an eligible rollover distribution (as defined in Section 402(t) of the Code) from the ESOP (as so amended), who is then employed by Buyer or the Company, to transfer directly, in a rollover under Sections 401(a)(31) and 402(c) of the Code, all or any portion of such distribution to a qualified plan maintained by Buyer or the Company, if permitted by such plan and if such rollover will not have an adverse effect on such qualified plan.

(d) On or before the Closing Date, Seller and the Company shall take all actions (including adopting resolutions or amendments) necessary or appropriate to permit all reasonable fees and expenses of the ESOP Trustee and reasonable administration expenses of the ESOP and costs associated with complying with this Section 8.6.4 to be paid out of the assets of the ESOP, to the extent permitted by ERISA, until such time as all assets of the ESOP have been distributed to participants, beneficiaries and alternate payees.

(e) The ESOP Trustee shall use its reasonable efforts to obtain (to the extent possible) an opinion (the "Fairness Opinion"), stating that, as of the Closing Date (i) the consideration to be received by the ESOP for the Shares pursuant to the terms of the transactions contemplated by this Agreement is not less than "adequate consideration" within the meaning of Section 3(18) of ERISA, and (ii) the terms and conditions of the transactions contemplated by this Agreement, taken as a whole, are fair to the ESOP from a financial point of view.

8.6.5 No Amendment of Employee Benefit Plans. Notwithstanding anything in this Section 8.6 to the contrary, nothing contained herein, whether express or implied, should be treated as an amendment to or other modification of any employee benefit plan maintained by Seller, the Company, Buyer or any of their respective Affiliates. If (a) any participant or beneficiary makes a claim or takes other action to enforce any provision in this Agreement as an amendment to any employee benefit plan maintained by Seller, Buyer or any of their Affiliates and (b) the provision is deemed to be an amendment to the employee benefit plan maintained by Seller, Buyer or any of their Affiliates even though not explicitly designated as such in this Agreement, then, solely with respect to the employee benefit plan maintained by Seller, Buyer or any of their Affiliates at issue, the provision will lapse retroactively and have no amendatory effect.

8.6.6 Maintenance of Certain Plans in 2019. Following the Closing, with respect to calendar year 2019, Buyer agrees to cause the Acquired Companies to maintain the existing Management Incentive Plan Bonus and Variable Pay Incentive Plan and make payments thereunder in accordance with the terms of such plans in effect as of the date of this Agreement.

8.6.7 No Third-Party Beneficiaries. All provisions contained in this Section 8.6 are included for the sole benefit of Buyer, on the one hand, and the Acquired Companies, on the other hand, and nothing in this Agreement, whether express or implied, creates any third-party beneficiary or other rights (a) in any other Person, including any employee or former employee of any of the Acquired Companies, any participant in any employee benefit plan maintained by Buyer or any of its Affiliates or any dependent or beneficiary of any participant or (b) to continued employment with Buyer or any of its Affiliates.

8.7 Confidentiality. For a period of seven (7) years following the Closing Date, each Seller Party shall keep secret and maintain in confidence, and shall not use for his, her or its benefit or for the benefit of others, any trade secrets, ideas, know-how, inventions, methods, formulae, models, methodologies, processes and processing instructions, technical data, specifications, research and development information, technology, including rights and licenses, product roadmaps, customer lists, telephone numbers, and any other information, in each case to the extent any of the foregoing derives economic value (actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure or use of confidential or proprietary information relating to the business of the Acquired Companies or their financial or other affairs, including all Intellectual Property and other premises, properties, personnel, books, records (including Tax records), Contracts and documents of or pertaining to the Acquired Companies, other than any of such information that is in the public domain through no unauthorized action or inaction by such Seller Party (or its representatives) in breach of this Section 8.7. The foregoing shall not prohibit use of such information (a) to the extent that furnishing or use of such information is required by any Order, Law, regulatory process or Proceeding, (b) as is necessary to prepare Tax Returns (including Tax Returns of any Seller Party or of any of its Affiliates) or other filings with any Governmental Authority or to defend or object to any reassessment of Taxes, (c) as is necessary for such Seller Party (or its representatives) to prepare and disclose, as may be required, accounting statements, (d) that is received by such Seller Party (or its representatives) from a third party; provided, that such information was not known by such Seller Party to be the subject of any contractual obligation of confidentiality to, or for the benefit of, any Acquired Company, (e) that was or is independently developed by such Seller Party (or its representatives) without any use of or reference to the information that is the subject of this Section 8.7 or (f) as may be required to bring, prosecute, respond to or otherwise handle any Proceeding relating to this Agreement or the transactions contemplated hereby. For the avoidance of doubt, nothing herein will restrict any Person from making any disclosure permitted by Section 8.2.1.

## ARTICLE 9

## Tax Matters

9.1 Apportionment of Taxes. For purposes of this Agreement, "Seller Tax Obligations" shall include: (a) all Taxes of any Acquired Company for any Pre-Closing Tax Period; and (b) any and all Taxes of any Person imposed on any Acquired Company and/or Buyer (to the extent pertaining to the Acquired Companies) as a transferee or successor, by contract, pursuant to any law, or otherwise, but only to the extent such Taxes relate to or arise out of a Pre-Closing Tax Period; provided, that any non-U.S. income Tax deductions attributable to payments made pursuant to the Surviving Plans and that are paid after the Closing Date shall be excluded from the computation of Seller Tax Obligations. Any and all Taxes and Tax liabilities with respect to the Acquired Companies that relate to a Straddle Period will be apportioned between the Pre-Closing Tax Period and the Post-Closing Tax Period as follows: (i) in the case of Taxes that are either (A) based upon or measured by reference to income, receipts, profits, capital or net worth (including sales and use Taxes), (B) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible, other than as provided for in Section 9.6) or (C) required to be withheld, Taxes allocated to the Pre-Closing Tax Period

will be deemed equal to the amount which would be payable if the Tax year ended at the end of the day on the Closing Date; and (ii) in the case of Taxes imposed on a periodic basis with respect to the Acquired Companies other than those described in subsection (i) of this Section 9.1, Taxes allocated to the Pre-Closing Tax Period will be deemed to be the amount of Taxes for the entire period (or, in the case of Taxes determined on an arrears basis, the amount of Taxes for the immediately preceding period), multiplied by a fraction, the numerator of which is the number of calendar days in the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire period; provided, however, that any non-U.S. income Tax deductions attributable to payments made pursuant to the Surviving Plans that are paid after the Closing Date shall, to the extent they relate to a Straddle Period, be allocated to the portion of the Straddle Period that begins immediately after the Closing Date.

9.2 Tax Returns.

9.2.1 Tax Returns. Sellers' Representative will, at its sole cost and expense, prepare or cause the Acquired Companies to prepare all income Tax Returns of the Acquired Companies that relate to any Pre-Closing Tax Period or any Straddle Period (collectively, "Pre-Closing Income Tax Returns") and will cause the Acquired Companies to provide to Buyer drafts of the Pre-Closing Income Tax Returns for review and comment at least forty-five (45) days prior to the due date for the filing of each Pre-Closing Income Tax Return, including extensions. Not later than twenty (20) days after Sellers' Representative has provided a Pre-Closing Income Tax Return, Buyer will notify Sellers' Representative of the existence of any objection, specifying in reasonable detail the nature and basis of the objection that Buyer may have to any item set forth on the draft Pre-Closing Income Tax Return. Buyer (on behalf of itself and the Acquired Companies) and Sellers' Representative agree to consult and resolve in good faith any objection. If the objection cannot be resolved within five (5) days after delivery of such notice, the parties will submit the dispute for resolution to the Independent Accountants pursuant to the procedures set forth in Section 2.4.3. If the Independent Accountants cannot resolve such dispute no later than five (5) days prior to the due date for filing the relevant Pre-Closing Income Tax Return, Buyer will cause the Acquired Companies to file the Pre-Closing Income Tax Return in the manner proposed by Sellers' Representative; except that if the dispute is ultimately resolved by the Independent Accountants in favor of Buyer, Buyer may cause the relevant Acquired Company to file an amendment to the Pre-Closing Income Tax Return consistent with the Independent Accountants' determination. Except as otherwise required by Law or to avoid the imposition of penalties, all Pre-Closing Income Tax Returns will be prepared consistent with past practices.

9.2.2 Other Tax Returns. Buyer or the applicable Acquired Company will, at Buyer's sole cost and expense, prepare and file, or cause to be prepared and filed, any Tax Returns not required to be filed, or caused to be filed, by Sellers' Representative pursuant to Section 9.2.1 that relate to any Pre-Closing Tax Period or Straddle Period. Buyer will provide to Sellers' Representative drafts of any such Tax Returns that include any Seller Tax Obligations for which the Seller may be liable pursuant to the terms of this Agreement for Sellers' Representative's review and comment at least forty-five (45) days prior to the due date for the filing of each such Tax Return, including extensions, or such shorter period as is commercially

reasonable. Not later than twenty (20) days after Buyer has provided a draft Tax Return, Sellers' Representative will notify Buyer of the existence of any objection, specifying in reasonable detail the nature and basis of the objection that Sellers' Representative may have to any item set forth on the draft Tax Return. Buyer (on behalf of itself and the Acquired Companies) and Sellers' Representative agree to consult and resolve in good faith any objection. If the objection cannot be resolved within five (5) days after delivery of such notice, the parties will submit the dispute for resolution to the Independent Accountants pursuant to the procedures set forth in Section 2.4.3. If the Independent Accountants cannot resolve such dispute no later than five (5) days prior to the due date for filing the relevant Tax Return, Buyer will cause the Acquired Companies to file the Tax Return in the manner proposed by Buyer; except that if the dispute is ultimately resolved by the Independent Accountants in favor of Sellers' Representative, Buyer will cause the relevant Acquired Company to file an amendment to the Tax Return consistent with the Independent Accountants' determination. Except as otherwise required by Law or to avoid the imposition of penalties, all such Tax Returns will be prepared consistent with past practices.

9.2.3 Tax Treatment. Buyer and its Affiliates, each Acquired Company and the Seller agree to treat, for U.S. federal income Tax purposes, the purchase of the LLC Interests as (a) with respect to the Seller, the Seller shall be deemed to sell, in a taxable sale, the Company's assets in exchange for the amounts paid in respect of the LLC Interests pursuant to this Agreement, and (b) with respect to Buyer, Buyer shall be deemed to acquire, by taxable purchase, all such assets of the Company in exchange for the amounts paid in respect of the LLC Interests pursuant to this Agreement. Except as otherwise required by Law, specifically set forth in this Agreement, or to avoid the imposition of penalties, without prior written consent of Sellers' Representative (which consent shall not be unduly withheld, conditioned or delayed), none of Buyer, any Acquired Company or any Affiliate thereof will (i) make any election with respect to any Pre-Closing Tax Period, (ii) change the Tax treatment of any item on a Tax Return filed after the Closing Date as compared to the treatment of that item on a Tax Return filed by the Acquired Companies prior to the Closing, or (iii) file any amended Tax Return or propose or agree to any adjustment of any item with the Internal Revenue Service or any other Taxing Authority with respect to any Pre-Closing Tax Period, if in any such case that action would have the effect of increasing the Seller's responsibility for any Taxes or reducing any Tax benefit of the Seller.

9.2.4 Tax Elections. The Seller and Buyer agree with respect to filing of Tax Returns (in each case to the extent applicable): (a) to treat any income Tax deductions permitted under applicable Law resulting from the payment of any Selling Expenses and any Transaction Bonuses, and the payment of Repaid Closing Indebtedness (including any deductions for financing fees), as occurring on the Closing Date; and (b) to make (and cause the Acquired Companies to make) the election under Revenue Procedure 2011-29 to apply the seventy percent (70%) safe-harbor to any "success based fee" as defined in Treasury Regulation Section 1.263(a)-5(f), including the investment banking fees paid to William Blair & Company, L.L.C.

9.3 Controversies. If any Taxing Authority issues to any Acquired Company or any of its Affiliates any written notice of any inquiries, assessments, proceedings or similar

events with respect to any Seller Tax Obligations for which the Seller may be liable pursuant to the terms of this Agreement (any such inquiry, assessment, proceeding, litigation, audit or similar event, a "Tax Matter"), Buyer will notify Sellers' Representative within ten (10) days of receipt of such notice. Buyer shall have the exclusive right to control any such Tax Matter, at its own expense; provided, however, that Sellers' Representative may, at Sellers' Representative's own expense, participate in and, upon written notice to Buyer, assume the defense of any Tax Matter to the extent such Tax Matter relates solely to a Tax period ending on or prior to Closing Date. Sellers' Representative will not enter into any settlement of, or otherwise compromise, any Tax Matter for which Sellers' Representative assumes the defense to the extent that such settlement or compromise is reasonably expected to adversely affect the Tax liability of Buyer, the Acquired Companies or any Affiliate of the foregoing for a Post-Closing Tax Period without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned, or delayed. Sellers' Representative will keep Buyer informed with respect to the commencement, status, and nature of any Tax Matter that Sellers' Representative is controlling, and will, in good faith, allow Buyer to consult with Sellers' Representative regarding the conduct of or positions taken in any such Tax Matter. If Sellers' Representative does not (or cannot, under the terms of this Agreement) assume the defense of a Tax Matter, Buyer will keep Sellers' Representative informed of the progress of that Tax Matter from time to time and will consult with Sellers' Representative with respect to that Tax Matter. Neither Buyer nor any of the Acquired Companies will have the right to settle (or to consent to the settlement or compromise of) that Tax Matter without the prior written consent of Sellers' Representative, which consent shall not be unreasonably withheld, conditioned, or delayed, if the settlement or compromise would cause the Seller to be responsible for any part of the settlement amount to be paid with respect to that Tax Matter.

9.4 Cooperation. In connection with the preparation of Tax Returns, audit examinations and any administrative or judicial proceedings relating to the Tax liabilities imposed on the Acquired Companies for all Pre-Closing Tax Periods, the parties will cooperate fully with each other, including the furnishing or making available during normal business hours of records, information, personnel (as reasonably required), books of account, powers of attorney or other materials reasonably relevant or helpful for the preparation of such Tax Returns, the conduct of audit examinations or the defense of claims by Taxing Authorities as to the imposition of Taxes. Buyer agrees to retain all books and records with respect to Tax matters pertinent to the Acquired Companies relating to any Pre-Closing Tax Period until the expiration of the applicable statute of limitations and any extension thereof for the respective taxable periods, and to abide by all record retention agreements entered into with any Taxing Authority. Buyer and Sellers' Representative will, upon request, use their commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated hereby).

9.5 Allocation of Purchase Price. The consideration paid for the LLC Interests hereunder and the liabilities (to the extent included in amount realized for federal income Tax purposes) of the Company will be allocated among the assets of the Company in accordance with their fair market values determined using the methodology set forth in Section

9.5 of the Disclosure Letter (the "Allocation Schedule") (which schedule will be adjusted to reflect changes in the Purchase Price in accordance with Section 2.4.5) and Section 1060 of the Code, as applicable). Buyer, the Seller and each of their respective Affiliates will file all Tax Returns in a manner consistent with the Allocation Schedule, and none of the parties will voluntarily take any position inconsistent with the Allocation Schedule in any inquiry, assessment, action, proceeding, audit or similar event relating to Taxes.

9.6 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest), and all conveyance fees, recording charges and other such charges, in each case incurred in connection with this Agreement will be paid (a) one half by Sellers' Representative (on behalf of all Seller Parties) and (b) one half by Buyer when due, and Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, Sellers' Representative will cause the Seller and all other Affiliates of the Seller to join in the execution of any such Tax Returns and other documentation.

9.7 Tax Sharing Agreements. All Tax allocation, sharing, reimbursement or similar agreements with respect to or involving any Acquired Company shall be terminated as of the Closing Date and, after the Closing Date, Buyer and the Acquired Companies shall not be bound thereby or have any Liability thereunder.

## ARTICLE 10

## Certain Definitions

When used in this Agreement, the following terms in all of their tenses, cases and correlative forms will have the meanings assigned to them in this Article 11, or elsewhere in this Agreement as indicated in this Article 11:

"1933 Act" means the Securities Act of 1933, as amended, and the regulations thereunder.

"Accounting Policies" means GAAP (consistently applied by the Acquired Companies) and, to the extent consistent with GAAP, the accounting methodologies, practices, estimation techniques, assumptions, policies and principles used by the Company to prepare the Unaudited Financial Statements. For the avoidance of doubt, in no event shall changes to GAAP that occur after the Closing Date be given effect for purposes of the Accounting Policies.

"Acquired Companies" means the Company collectively with each of its direct or indirect subsidiaries, including A.P.S. (Holdings) Limited, Polyrol Limited, Automated Packaging Systems Limited (together with its German branch), APS Verwaltungs - GmbH, Automated Packaging Systems GmbH & Co. KG, Automated Packaging Systems Southeast Asia Co., Ltd., Automated Packaging Systems Comercial e Importação do Brasil Ltda, Automated Packaging Systems Europe (together with its French branch), Automated Packaging Systems Japan Ltd., Automated Packaging Systems Asia Holding Company Limited, KRIS Automated Packaging Systems Holding Company, Polyrol Packaging Systems, LLC (and its predecessor, Polyrol Packaging Systems, Inc.), Malvern

Ltd., and any Subsidiary of any of the foregoing, and each such Person may be referred to herein individually as an "Acquired Company". Notwithstanding the foregoing, the India JV shall not be considered an Acquired Company.

"Acquisition Balance Sheet" is defined in Section 4.5(a).

"Acquisition Transaction" is defined in Section 8.3(a).

"Actuarial Statement" is defined in Section 2.4.4(a).

"Adjustment Escrow Amount" means Twenty-Five Million Dollars ($25,000,000).

"Affiliate" of a specified Person means any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the specified Person, and, if the specified Person is a natural person, any of that Person's parents, brothers, sisters, spouse or children. For purposes of this definition, "control" of any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting capital stock or equity interests, by Contract, or otherwise.

"Agreement" means this Equity Purchase Agreement, as may be amended from time to time in accordance with the terms hereof.

"Allocation Schedule" is defined in Section 9.5.

"Anti-Corruption Laws" means the FCPA, the U.K. Bribery Act, the U.K. Proceeds of Crime Act 2002, the U.K. Criminal Finances Act 2017 or any other applicable anti-bribery or anti-corruption Law.

"Antitrust Approvals" is defined in Section 6.1(a).

"Audited Financial Statements" is defined in Section 4.5(a).

"Authorized Action" is defined in Section 8.2.6(c).

"Automated Packaging Systems Pension Plan" means the defined benefit pension plan with Scottish Widows provided by Automated Packaging Systems Limited.

"BIS" means the U.S. Department of Commerce, Bureau of Industry and Security.

"Business Day" means any day other than a Saturday, Sunday or day on which banking institutions in Cleveland, Ohio are authorized or obligated pursuant to Law to be closed.

"Buyer" is defined in the preamble of this Agreement.

"Buyer Ancillary Agreements" is defined in Section 5.1(b).

"Buyer Disclosure Letter" is the confidential disclosure letter, dated as of the date hereof, delivered by Buyer to the Seller Parties in connection with the execution and delivery of this Agreement.

"Buyer's Actuary" is defined in Section 2.4.4(a).

"Calfee" is defined in Section 8.5.1.

"Calfee Clients" is defined in Section 8.5.1.

"Closing" and "Closing Date" are defined in Article 7.

"Closing Cash" means, without duplication, the unrestricted, cash and cash equivalents and marketable securities held by the Acquired Companies, on a consolidated basis, as of immediately prior to the Closing, plus all uncleared checks, wire transfers and drafts presented by the Acquired Companies for deposit but not yet credited to deposit accounts of the Acquired Companies, minus any cash overdraft amounts and the amounts of issued but uncleared checks, wire transfers and drafts written or issued against any accounts of the Acquired Companies, in all cases calculated in accordance with GAAP, consistently applied, as of immediately prior to the Closing, but excluding any cash or cash equivalents that are subject to restrictions or limitations on use or distribution or otherwise restricted for a particular use, purpose or event and not available for general corporate use. Closing Cash will be determined without giving effect to the transactions contemplated hereby. The fact that a portion of the Closing Cash may be contained in a bank account(s) outside of the United States shall not, in and of itself, be deemed to mean that such portion of the Closing Cash is subject to any "restrictions" or "limitations" described above.

"Closing Cash Payment" is defined in Section 2.3(c)(i).

"Closing Certificate" is defined in Section 2.3(a).

"Closing Certificate Delivery Date" means the date on which the Closing Certificate is delivered by the Company to Buyer in accordance with Section 2.3(a).

"Closing Indebtedness" means, without duplication, the Indebtedness of the Acquired Companies, on a consolidated basis, as of immediately prior to the Closing. For the avoidance of doubt, (a) Closing Indebtedness will be determined without giving effect to the transactions contemplated hereby, (b) Closing Indebtedness shall not include any amounts to the extent included in Selling Expenses, Transaction Bonuses or Working Capital, in each case, as finally determined, and (c) in respect of the Terminating Plans, the Surviving Plans and the Restricted Share Arrangements, to the extent not satisfied prior to Closing or satisfied by Seller pursuant to Section 8.6.3, Closing Indebtedness shall include Indebtedness of the Acquired Companies or Buyer related to (i) the underfunding or under-accrual of liabilities related to such Plans on the Financial Statements (provided that, with respect to the Automated Packaging Systems Pension Plan, "Indebtedness" shall include all liability on a winding up section 75 and 75A Pension Act 1995 as amended annuity buy out basis, as determined in accordance with Section 2.4.4, reduced by the assets of, or set aside for, the Automated Packaging Systems Pension Plan as of the Closing Date, and shall exclude any

costs associated with winding up such Plan), (ii) any fees, costs or expenses incurred or to be incurred in the winding-up, termination and paying out of the Terminating Plans and the Restricted Share Arrangements, to the extent not paid prior to Closing or satisfied by Seller pursuant to Section 8.6.3, (iii) any employment-related taxes incurred or to be incurred in the paying out of the DICS, and (iv) administrative fees, costs and expenses incurred or to be incurred in the administration of the Terminating Plans and the Restricted Share Arrangements, to the extent not paid prior to Closing or satisfied by Seller pursuant to Section 8.6.3.

"Closing Working Capital" means the Working Capital of the Acquired Companies, on a consolidated basis, as of immediately prior to the Closing. Closing Working Capital will be determined without giving effect to the transactions contemplated hereby.

"Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Collective Bargaining Agreement" means any collective bargaining agreement, labor Contract or other Contract with any labor union, works council or employee organization.

"Company" is defined in the preamble of this Agreement.

"Company Ancillary Agreements" is defined in Section 4.1(b).

"Company Assets" is defined in Section 4.11(g).

"Company Intellectual Property" means all Intellectual Property owned, or purported to be owned, by each Acquired Company, in whole or in part.

"Company IP Registrations" is defined in Section 4.12(a).

"Company's Knowledge" or similar formulation means (a) the actual knowledge of Clifford A. Brehm, Daryl D. Manzetti, David E. Goessler, Chris Rempe, Gary Starks, Tim Braithwaite, Edward Hubbard and Peter R. Wylie and (b) the knowledge that would be reasonably expected to be obtained by the Persons listed in clause (a) after a reasonable inquiry concerning the matter at hand.

"Company Licensed Intellectual Property" means all Intellectual Property licensed to the Company by any third party.

"Confidentiality Agreement" is defined in Section 8.2.3.

"Contingent Obligations" means the maximum amount of any (a) deferred purchase price, contingent payment obligations or similar payments (including with respect to purchase price adjustment mechanisms or holdbacks), (b) earn-out obligations and (c) bonuses (including sale event, transaction, incentive compensation and retention bonuses), deferred compensation, success fees, severance and other payment obligations (including any associated withholding Taxes or any other Taxes required to be paid by an Acquired Company), in each case, owing, or potentially owing, from any Acquired Company to any third party (including any current or former employees,

directors, managers, independent contractors or agents) and issued or entered into in connection with any acquisition or other business combination transaction undertaken by any Acquired Company prior to the Closing Date.

"Contract" means any legally binding contract, agreement, lease or license, but specifically excluding quotes and responses to requests for proposals to the extent the same are not legally binding.

"Contractor" means any current or former consultant, individual independent contractor, staffing agency or advisory board member of an Acquired Company.

"DICS" is defined in Section 8.6.3.

"Disclosure Letter" is the confidential disclosure letter, dated as of the date hereof, delivered to Buyer in connection with the execution and delivery of this Agreement.

"Disposal," "Storage," and "Treatment" have the meanings assigned them at 42 U.S.C. § 6903(3), (33) and (34), respectively.

"Effective Time" is defined in Article 7.

"Employee Listing" is defined in Section 4.8(b).

"Enforceability Exceptions" is defined in Section 3.3(a).

"Environment" means soil, surface waters, groundwater, drinking water, land, stream, sediments, surface or subsurface strata, natural resources, indoor air or ambient air.

"Environmental Claim" means any written claim, action, cause of action, investigation or notice by any Person or entity alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, generation, Treatment, Storage, Environmental Release, Disposal (or arrangement for Disposal), handling, or transport of, or exposure to, any Hazardous Materials at any location, whether or not owned or operated by any Acquired Company, or (b) circumstances forming the basis of any violation, or alleged violation, of, or liability under, any Environmental Law by any Acquired Company.

"Environmental Law(s)" means any Law concerning pollution, the protection of the Environment or human health or worker safety (to the extent such worker safety Law relates to exposure to or management of Hazardous Materials), threatened or endangered species, or Hazardous Materials.

"Environmental Release" means any actual release, Threat of Environmental Release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the Environment or into, on, under, or from any property or structure, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"ERISA Affiliate" is defined in Section 4.9(b)(i).

"Escrow Agent" means KeyBank, N.A.

"Escrow Agreement" means the Escrow Agreement among the Escrow Agent, Buyer and Sellers' Representative, in the form attached hereto as Exhibit B.

"ESOP" means The Automated Packaging Systems, Inc. Employees' Stock Ownership Trust and Plan.

"ESOP Amendment" is defined in Section 8.6.4(a).

"ESOP Trust" means the trust established under the ESOP for purposes of holding the ESOP's assets.

"ESOP Trustee" means Alerus Financial, N.A., solely in its capacity as trustee of the ESOP Trust.

"Estimated Closing Cash" is defined in Section 2.3(a).

"Estimated Closing Indebtedness" is defined in Section 2.3(a).

"Estimated Closing Working Capital" is defined in Section 2.3(a).

"Estimated Purchase Price" is defined in Section 2.3(a).

"Estimated Selling Expenses" is defined in Section 2.3(a)

"Estimated Transaction Bonuses" is defined in Section 2.3(a).

"Export Approvals" means export and import licenses, license exceptions, and other consents, notices, waivers, approvals, orders, authorizations, registrations, declarations and filings with any governmental entity required for: (a) the import, export, and re-export of products, services, software and technologies and (b) releases of technologies and software to and from foreign nationals located in the United States and abroad.

"Fairness Opinion" is defined in Section 8.6.4(e).

"FCPA" means the U.S. Foreign Corrupt Practices Act of 1977, as amended.

"Final Adjustment Statement" is defined in Section 2.4.5.

"Final Post-Closing Adjustment" is defined in Section 2.4.5.

"Financial Statements" is defined in Section 4.5(a).

"Fraud" means intentional common law fraud with respect to the making of the representations and warranties and covenants contained in this Agreement.

"Fundamental Representations" means Sections 3.1 (Organization, Authority; Capacity and Representation), 3.2 (Ownership of Shares), 3.3 (Execution and Delivery; Enforceability), 3.6 (Brokerage), 4.1(b) and (c) (Authority; Enforceability), 4.2 (Capitalization), 4.9(d) (Employee Benefit Plans and Other Compensation Arrangements) and 4.20 (Brokerage).

"FX Rate" will be determined by reference to the Bloomberg L.P. (or its successor) screen entitled "USDXXX <Curncy> HP" as of the applicable date (except, where the applicable date is not a trading day, as of the most recent trading day), with XXX representing the applicable currency symbol being paired with the U.S. dollar, using the closing "Last Price" rate posted at or after 5:00 p.m. Eastern Time of such date.

"GAAP" means generally accepted accounting principles as in effect in the United States as of the applicable time.

"Governmental Authority" means any U.S. federal, state, local or non-U.S. government, political subdivision thereof, or any agency or instrumentality of any such government or political subdivision (including any agency body, commission, department, regulatory authority or administrative authority), or any self-regulated organization or other non-governmental regulating authority (to the extent that the rules, regulations or orders of that authority have the force of law), or any arbitrator, tribunal, judicial body or court of competent jurisdiction.

"Hazardous Material" means chemicals, pollutants, contaminants, waste, substance, material, or any hazardous or toxic (or words of similar import) constituent thereof, defined, characterized, designated, regulated, or for which standards of care are established under any Environmental Law, including petroleum or petroleum-derived products, asbestos in any form, urea formaldehyde foam insulation, and polychlorinated biphenyls.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder.

"HSR Filing" is defined in Section 8.1.3(b).

"Indebtedness" means, with respect to any Person and without duplication, as at any date of determination thereof, all obligations (other than, with respect to the Acquired Companies, intercompany obligations between the Acquired Companies) in respect of such Person for: (a) any borrowed money or funded indebtedness or obligations issued in substitution for or exchange for borrowed money or funded indebtedness (including (i) obligations with respect to principal, accrued but unpaid interest, and applicable premiums and penalties or fees, costs and expenses relating thereto, (ii) other payment obligations and amounts due that would be required to be paid by a borrower to a lender pursuant to a customary payoff letter and (iii) amounts outstanding under overdraft facilities); (b) the deferred payment obligation for purchase of property, goods or services, including Contingent Obligations; (c) any indebtedness evidenced by notes, bonds, debentures or other similar instruments (whether or not convertible) or arising under indentures; (d) capital lease

obligations; (e) any interest rate currency or other financial hedging, swap or similar agreements, to the extent payable, if terminated; (f) any letter of credit, banker's acceptance, guarantee, surety, performance or appeal bond or similar credit transaction but only to the extent any such instrument has been drawn upon and/or a payment obligation has arisen thereunder and is outstanding as of such date of determination; (g) deferred compensation liability; (h) post-retirement medical liabilities (other than with respect to the Terminating Plans to the extent that such liabilities are covered under clause (i) or are satisfied pursuant to Section 8.6.3); (i) liabilities in respect of the Terminating Plans and the Surviving Plans (provided that, with respect to the Automated Packaging Systems Pension Plan, "Indebtedness" shall include all liability on a winding up section 75 and 75A Pension Act 1995 as amended annuity buy out basis, as determined in accordance with Section 2.4.4, reduced by the assets of, or set aside for, the Automated Packaging Systems Pension Plan as of the Closing Date, and shall exclude any costs associated with winding up such Plan), in each case to the extent not satisfied prior to Closing or satisfied by Seller pursuant to Section 8.6.3; (j) with respect to the Acquired Companies, declared or accrued but unpaid dividends in respect of any securities of the Acquired Companies; (k) all Seller Tax Obligations (less the amounts of any Tax refunds in respect of Pre-Closing Tax Periods that are actually received by the Acquired Companies after the Effective Time but prior to the date on which the Final Adjustment Statement becomes final in accordance with Section 2.4.5); (l) in the case of the Acquired Companies, any amounts owed by an Acquired Company to (i) any Stockholder or Related Person of any Stockholder, other than compensation and benefits accrued as a liability on the Final Adjustment Statement or (ii) a third Person incurred by or for the primary benefit of any Stockholder or Related Person of any Stockholder; (m) capital expenditure invoices in accounts payable (but which were removed from accounts payable for purposes of calculating Working Capital); (n) bonus and commission payables (including regular bonuses, sales quota bonuses and commissions, including commission to directs and distributors), but excluding, in all cases, North America commission payables; (o) the aggregate amount by which any 2018 deferred, budgeted capital expenditures, as set forth on Section 10(a) of the Disclosure Letter, that have not been made and paid as indicated prior to Closing exceeds $1,200,000; (p) any liabilities associated with items set forth on the Repair List (as such term is defined in the Lease Term Sheet) that are not completed to Buyer's reasonable satisfaction prior to the Closing; (q) any reserve or contingency on any Acquired Company's balance sheet for legal matters; (r) liabilities in respect of the Restricted Share Arrangements to the extent not satisfied by Seller pursuant to Section 8.6.3; (s) any indebtedness of a Person of a type that is referred to in clauses (a) through (r) above and for which any Acquired Company is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including any guarantee of such obligations or obligation to supply or invest any funds or assure any creditor against loss in connection thereto; and (t) all accrued interest, fees, costs, premiums, expenses, reimbursements, breakage costs, penalties or the employer portion of any payroll Taxes, if any, and all other amounts payable at or as a result of the Closing in connection with any of the foregoing.

"Independent Accountants" is defined in Section 2.4.3.

"India JV" means KRIS Automated Packaging Systems Private Limited, an India private limited company.

"Insurance Policy" is defined in Section 4.15.

"Intellectual Property" means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) patents, patent applications, patent disclosures and inventions (whether patentable or unpatentable and whether or not reduced to practice), including any continuations, divisionals, continuations-in-part, renewals and reissues for any of the foregoing; (b) trademarks, service marks, trade dress, logos, trade names, corporate names, doing business as names and fictitious names, and including goodwill associated therewith, and applications, registrations and renewals in connection therewith; (c) copyrightable works, copyrights, and applications, registrations and renewals in connection therewith; (d) internet domain names and social media account or user names, whether or not the same are considered trademarks, all associated web addresses, URLs, websites and web pages, social media accounts and pages, and all content and data thereon or relating thereto; (e) mask works and applications, registrations and renewals in connection therewith; (f) trade secrets and other confidential information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information (collectively, "Trade Secrets"); (g) Software; (h) plans, drawings, designs (including machinery and equipment design), architectural plans and specifications; (i) all other intellectual or industrial property and proprietary rights (including fabrication, assembly or production processes), including remedies against past, present and future infringement thereof and rights of protection of interest therein under the Laws of all jurisdictions; and (j) copies and tangible embodiments and expressions thereof (in whatever form or medium).

"Inventory" means all inventories owned by the Acquired Companies, including raw material, work in process, finished products, goods, spare parts, replacement and component parts, goods in transit and inventory on consignment.

"Landlord" is defined in Section 6.1(f)(xviii).

"Law" means any federal, state, regional, local or foreign law, common law, statute, ordinance, code, treaty, rule, regulation, order or requirement of any Governmental Authority or any similar provisions having the force or effect of law.

"Lease Term Sheet" is defined in Section 6.1(f)(xviii).

"Leased Real Property" is defined in Section 4.11(b).

"Leases" is defined in Section 4.11(b).

"Licenses" is defined in Section 4.12(b).

"Lien" means any lien (including mechanic's and materialman's liens), charge, mortgage, pledge, deed of trust, easement, encumbrance, security interest, matrimonial or community interest, tenancy by the entirety claim, option to purchase or lease or otherwise acquire any interest, conditional sales agreement, adverse claim, judgment, encumbrance or any other title defect or restriction of any kind or any agreement to enter into or create any of the foregoing.

"LLC Interests" is defined in the Recitals to this Agreement.

"Made Available" means Sellers' Representative, the Seller, any Seller Party, the Company or their respective Affiliates or representatives have posted such information or documentation to the "Project Golden Flash" virtual data room hosted by Intralinks (including the "Project Golden Flash" Clean Room), in each case prior to the date hereof and included in the USB drive referenced in Section 6.1(f)(xiii).

"Material Adverse Effect" means any change, event, circumstance, development, occurrence or effect that individually or taken together with any other change, event, circumstance, development, occurrence or effect is, or would reasonably be expected to, (a) have a material adverse effect on the business, operations, condition (financial or otherwise) properties, assets, liabilities or results of operations of the Acquired Companies taken as a whole, or (b) prevent, materially delay or materially impede the consummation of the transactions contemplated by, or the obligations of any party under, this Agreement; except that, with respect to clause (a) only, none of the following will be deemed, either alone or in combination, to constitute, and none of the following will be taken into account in determining whether there has been, or would reasonably expected to be, a "Material Adverse Effect": (i) changes in business or economic conditions affecting the economy generally; (ii) changes in stock markets or credit markets; (iii) changes in Tax rates, Law or GAAP, or the enactment or implementation of any new Law or Tax, in each case, after the date hereof; (iv) any event as to which Buyer has provided written consent hereunder; (v) natural disasters, acts of war, sabotage, terrorism, hostilities, military action or any escalation or worsening thereof; (vi) any failure of the Acquired Companies to meet any projections, estimates or forecasts (financial, operational or otherwise) for any period (it being understood that the facts and occurrences giving rise or contributing to that failure, to the extent not otherwise excluded by another clause of this definition, may be taken into account in determining whether there has been a Material Adverse Effect); or (vii) the identity of Buyer or any of its Affiliates as the purchaser of the Acquired Companies; provided, however, that with respect to the foregoing clauses (i), (ii), (iii) and (v), any such event, change, development, circumstance or effect may be taken into account in determining whether there has been or is a "Material Adverse Effect" to the extent (but only to the extent) it disproportionately impacts the business, liabilities, assets, condition (financial or otherwise) or results of operations of the Acquired Companies, taken as a whole, in comparison to other participants in the same industry in which the Acquired Companies operate.

"Material Contracts" is defined in Section 4.13(b).

"Material Customers" is defined in Section 4.19.

"Material Suppliers" is defined in Section 4.19.

"OFAC" means the U.S. Department of the Treasury, Office of Foreign Assets Control.

"Off-the-Shelf Software" means off-the-shelf computer software, as that term is commonly understood, that is commercially available under non-discriminatory pricing terms on a retail basis.

"Open Source Materials" means Software, coding and other materials that are distributed as "free software" (as defined by the Free Software Foundation), "open source software" (meaning software distributed under any license approved by the Open Source Initiative as set forth at www.opensource.org) or under a similar licensing or distribution model (including under a GNU General Public License (GPL), a GNU Lesser General Public License (LGPL), GNU Affero General Public License (AGPL), a Mozilla Public License (MPL), a BSD license, an Artistic License, a Netscape Public License, a Sun Community Source License (SCSL), a Sun Industry Standards License (SISL) and an Apache License).

"Order" means any order, award, decision, injunction, judgment, ruling, decree, charge, writ, subpoena or verdict entered, issued, made or rendered by any Governmental Authority or arbitrator.

"Organizational Documents" means the articles of incorporation, articles of organization, certificate of incorporation, limited partnership agreement, limited liability company agreement, operating agreement, code of regulations and by-laws (or equivalents thereof) and other governing documents of any corporation, limited liability company, partnership, trust, unincorporated association or other entity or organization (including, with respect to any Plan, the Plan document).

"OSS Triggering Manner" means use of Open Source Materials in a manner that grants, or purports to grant, to any third party, any rights or immunities under any Company Intellectual Property, including requiring that any (a) source code of any Company Software be disclosed or distributed, (b) Company Intellectual Property or Company Software be licensed for any purpose, including for the purpose of making derivative works, or (c) Company Intellectual Property or Company Software be redistributable at no charge.

"Owned Real Property" means all real property owned by the Acquired Companies, together with all improvements, buildings and fixtures located thereon and appurtenant rights and interests associated therewith.

"Pension Plan Actuary" is defined in Section 2.4.4(a).

"Pensions Regulator" means the U.K. regulator of work based pension schemes.

"Permits" is defined in Section 4.10(b).

"Permitted Liens" means: (a) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business, which are not due and payable or are being contested in good faith by an Acquired Company by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP, consistently applied, and are reflected on the Acquisition Balance Sheet (or on the books and records of the Acquired Companies if after the date of the Acquisition Balance Sheet); (b) Liens arising under original purchase price conditional sales contracts and equipment leases for personal property with third parties entered into in the ordinary course of business and under which the Acquired Companies are not in default; (c) Liens arising by operation of Law, including Liens arising by virtue of rights of customers, suppliers and subcontractors in the ordinary course of business under general principles of

commercial Law; (d) Liens for current Taxes and utilities not yet due and payable or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP, consistently applied, and are reflected on the Acquisition Balance Sheet (or on the books and records of the Acquired Companies if after the date of the Acquisition Balance Sheet); (e) Liens expressly set forth in the Leases set forth in Section 4.11(b) of the Disclosure Letter and any Liens associated with the interest of any landlord or sublandlord thereto; (f) easements, covenants, rights-of-way and other similar restrictions or conditions of record or which would be shown by a current accurate survey of any of the Owned Real Property; (g): (i) zoning, building and other similar restrictions imposed by applicable Laws, (ii) Liens that have been placed by any developer, landlord or other third party on property over which the Acquired Companies have easement rights or, with respect to any Leased Real Property, under any lease or subordination or similar agreements relating thereto, and (iii) unrecorded easements, covenants, rights-of-way and other similar restrictions on the Real Property, none of which, individually or in the aggregate, for this clause (g) materially impairs the continued use and operation of the Real Property as currently conducted; and (h) Liens securing the Repaid Closing Indebtedness, which Liens will be released in full upon payment of the Repaid Closing Indebtedness at the Closing.

"Person" means an individual, a corporation (including any not for profit corporation), a limited liability company, a partnership (general or limited), joint venture, estate, trust, an unincorporated association, a government or any agency, instrumentality or political subdivision of a government, or any other entity or organization. References to a Person are also to its permitted successors and assigns.

"Personal Information" is defined in Section 4.22(a).

"Plans" is defined in Section 4.9(a).

"Post-Closing Tax Period" means (a) any taxable period that begins after the Closing Date, and (b) in the case of a Straddle Period, the portion of the Straddle Period that begins immediately after the Closing Date.

"PPACA" means the Patient Protection and Affordable Care Act of 2010, as amended.

"Pre-Closing Period" is defined in Section 8.1.1.

"Pre-Closing Income Tax Returns" is defined in Section 9.2.1.

"Pre-Closing Tax Period" means (a) any taxable period ending on or before the Closing Date, and (b) in the case of a Straddle Period, the portion of the Straddle Period that ends on and includes the Closing Date.

"Pre-Closing Transactions" is defined in the Recitals to this Agreement.

"Preliminary Adjustment Statement" is defined in Section 2.4.1.

"Preliminary Post-Closing Adjustment" is defined in Section 2.4.1.

"Privacy Laws" is defined in Section 4.22(a).

"Proceeding" means any litigation, action (whether in contract, tort, equity or otherwise), suit, proceeding, claim, demand, charge, arbitration, mediation or audit.

"Purchase Price" is defined in Section 2.2.

"Real Property" means all Owned Real Property and Leased Real Property.

"Related Person" is defined in Section 4.17.

"Repaid Closing Indebtedness" is defined in Section 2.3(c)(iv).

"Representation and Warranty Policy" means the representation and warranty insurance policy acquired by Buyer in connection with the transactions contemplated by this Agreement and attached hereto as Exhibit C.

"Respective Shares" means, with respect to any Stockholder, the Shares of the Seller that such Stockholder is the record owner, as set forth in Section 10(b) of the Disclosure Letter.

"Restricted Share Arrangements" is defined in Section 8.6.3.

"Restrictive Covenant Agreements" means those certain Restrictive Covenant Agreements, dated as of the date hereof and effective as of the Closing Date, between each Seller Party (other than the ESOP), on the one hand, and Buyer, on the other hand.

"Sale Engagement" is defined in Section 8.5.1.

"Seller" is defined in the preamble of this Agreement.

"Seller Ancillary Agreements" is defined in Section 3.1(c).

"Seller Parties" is defined in the preamble to this Agreement.

"Seller Releasor" is defined in Section 8.4.

"Seller Tax Obligations" is defined in Section 9.1.

"Sellers' Account" is defined in Section 2.3(c)(i).

"Sellers' Representative" is defined in the preamble of this Agreement.

"Sellers' Representative Holdback Amount" means Five Million Dollars ($5,000,000).

"Selling Expenses" means, without duplication, all of the fees, disbursements, commissions, costs and expenses incurred by the Acquired Companies in connection with the exploration, preparation, negotiation, execution and delivery of this Agreement and the consummation or performance of the transactions contemplated hereby and/or related to the solicitation of any other

potential buyers of the Acquired Companies, or consideration of strategic alternatives, including the following: (a) all brokers', finders', investment bankers' and other advisory fees (including those owed to William Blair & Company, L.L.C.), (b) fees and expenses of legal counsel (including those owed to Calfee), accountants, consultants and other advisors, and (c) fifty percent (50%) of the fees payable to the Escrow Agent under the Escrow Agreement, in each case, to the extent those fees, expenses and payments have not been paid prior to Closing. For the avoidance of doubt, Selling Expenses shall not include any amounts to the extent included in Closing Indebtedness, Transaction Bonuses or Closing Working Capital, in each case, as finally determined.

"Shareholder Approval Requirement" is defined in Section 6.1(f)(xiv).

"Shares" is defined in Section 4.2(a).

"Software" means, as they exist anywhere in the world, computer software programs, operating systems, diagnostics, development tools, embedded systems, applications, firmware and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications and other documentation thereof.

"Stockholder" is defined in the preamble to this Agreement.

"Straddle Period" means a taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Subsidiary" and "Subsidiaries" means, as of the relevant date of determination, with respect to any Person, a corporation or other Person of which 50% or more of the voting power of the outstanding voting equity interests or 50% or more of the outstanding economic equity interest is held, directly or indirectly, by that subject Person, or any Person of which that subject Person otherwise has the power to elect a majority of the board of directors or similar governing body or the legal power to direct the business or policies of such Person.

"Surviving Plans" means the DICS, the U.K. Pension Plans and any other non-U.S. pension Plans retained by the Acquired Companies, or transferred to Buyer or its Affiliates post-Closing.

"Tax" or "Taxes" means: (a) any and all federal, state, provincial, local, non-U.S. and other taxes, levies, fees, imposts, duties, and similar governmental charges of any kind whatsoever (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including (i) taxes imposed on, or measured by, income, gross receipts, franchise, or profits, and (ii) license, payroll, employment, escheat, withholding, excise, severance, stamp, occupation, premium, windfall profits, customs duties, capital stock, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, ad valorem capital gains, goods and services, branch, utility, production and compensation taxes; and (b) liability for the payment of any amounts of the type described in clause (a) as a transferee or successor, by contract, or from any written obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

"Tax Matter" is defined in Section 9.3.

"Tax Return" means any return, declaration, report, claim for refund, election, disclosure, estimate, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof required to be filed with any Taxing Authority with respect to Taxes.

"Taxing Authority" means any U.S. or non-U.S. national, state, provincial, multi-state or municipal or other local executive, legislative or judicial government, court, tribunal, official, board, subdivision, agency, commission or authority thereof, or any other governmental body exercising any regulatory or taxing authority thereunder having jurisdiction over the assessment, determination, collection or other imposition of any Tax.

"Terminating Plans" is defined in Section 8.6.3.

"Termination Date" is defined in Section 8.1.4(d).

"Threat of Environmental Release" means a reasonable likelihood of an Environmental Release that would reasonably be expected to require action in order to prevent or mitigate damage to the Environment or the health of any Person that may result from such Environmental Release.

"Trade Secrets" is defined in the definition of "Intellectual Property."

"Transaction Bonuses" means, without duplication, all bonuses (including sale event, transaction, deferred compensation and retention bonuses), change-of-control payments, phantom equity payouts, payments under any stock appreciation rights plan, payments in respect of equity-based awards (including vested and unvested payments), "stay-put", retention, severance, incentive or other similar payments, plus, in each case, any associated withholding taxes or any Taxes required to be paid by any Acquired Company with respect thereto) that become payable by any Acquired Company (but only to the extent any such payments are triggered prior to or at the Closing, even if payable after the Closing), directly or indirectly, as a result of or in connection with the consummation of the transactions contemplated herein, but excluding, for all purposes, any severance payments triggered by actions taken by Buyer or by any Acquired Company at Buyer's direction. For the avoidance of doubt, Transaction Bonuses shall (i) not include any amounts to the extent included in Closing Indebtedness, Selling Expenses or Closing Working Capital, in each case, as finally determined and (ii) include any such amounts described in this definition payable to, for the benefit of, or in respect of the following Persons: Bernard Lerner, Hershey Lerner, Matthew Lerner and Jane T. Hubben.

"Transferred Employees" is defined in Section 8.6.1.

"TULRC Act" means the Trade Union and Labour Relations (Consolidation) Act 1992.

"Unaudited Financial Statements" is defined in Section 4.5(a).

"U.K. Pension Plans" means the Automated Packaging Systems Pension Plan (formerly known as the Savon Holdings Limited Pension & Life Assurance Scheme and the Viking Packaging

Group plc Pension & Life Assurance Scheme), and the personal pension plans with Aviva, Royal Life, Standard Life, Prudential and Scottish Widows.

"U.K. Plans" means any Plan sponsored, maintained or provided by Automated Packaging Systems Limited.

"U.S. Restricted Person List" means (a) the list of Specially Designated Nationals and Blocked Persons, the Foreign Sanctions Evaders List, and the Sectoral Sanctions Identification List, each maintained by OFAC, (b) the Denied Persons, Entity, and Unverified Lists, maintained by BIS, (c) the Debarred List, maintained by the U.S. Department of State, and (d) persons identified by the U.S. Department of State as subject to sanctions by the U.S. Government for engaging in activities relating to proliferation, terrorism, or Iran.

"WARN Act" means the Worker Adjustment Retraining Notification Act of 1988, as amended.

"Working Capital" means, in each case on a consolidated basis, (a) the sum of the Acquired Companies' current assets, excluding (i) Closing Cash and (ii) any Seller Tax Obligations (current, deferred or otherwise), minus (b) the sum of the Acquired Companies' current liabilities, excluding (i) Indebtedness, (ii) any Seller Tax Obligations (current, deferred or otherwise), (iii) Transaction Bonuses and (iv) Selling Expenses; in all cases, calculated in accordance with the Accounting Policies, and consistent with the methodologies shown on the illustrative calculation of Working Capital as of December 31, 2018, which is attached as Exhibit A hereto. Working Capital will be determined without giving effect to the transactions contemplated hereby and will not include a deduction for issued but uncleared checks, wire transfers and drafts written or issued by the Acquired Companies as of the Closing Date (which will be included in the calculation of Closing Cash).

"Working Capital Target" means Fifty-Seven Million Nine Hundred Thousand Dollars ($57,900,000).

## ARTICLE 11

## Construction; Miscellaneous Provisions

11.1 No Survival. The representations, warranties, covenants and agreements of the parties contained in this Agreement or in any other Seller Ancillary Agreement, Company Ancillary Agreement or Buyer Ancillary Agreement will not survive beyond the Closing such that no claim for breach of any such representation, warranty, covenant or agreement, detrimental reliance or other right or remedy (whether in contract, in tort or at law or in equity) may be brought after the Closing with respect thereto against any party or any Affiliate of any of the foregoing, and there will be no liability in respect thereof, whether that liability has accrued prior to or after the Closing, on the part of any party or any Affiliate of any of the foregoing, except for (a) claims of Fraud, (b) those covenants and agreements that by their terms apply or are to be performed in whole or in part after the Closing (which shall survive in accordance with their respective terms, until performed or otherwise), (c) Article 2 and (d) Article 11. Notwithstanding anything contained herein to the contrary, to the extent that a party has

delivered written notice to another party with respect to a breach of a covenant or agreement prior to the date on which such party's right to be bring a claim with respective to such covenant or agreement would expire in accordance with the terms of this Section 11.1, then any such claim, and the related covenant or agreement on which such claim is based, shall survive (solely for the purposes of such claim) until such claim is fully resolved or finally judicially determined in accordance with the provisions of this Agreement.

11.2 Notices. Any notices, reports, demands, claims and other communications hereunder to be given or delivered pursuant to this Agreement will be ineffective unless given or delivered in writing, and will be given or delivered in writing as follows:

(a) If to Buyer or the Company (after the Closing):

c/o Sealed Air Corporation
2415 Cascade Pointe Blvd.
Charlotte, North Carolina 28208
Attention: Angel Willis
Email: angel.willis@sealedair.com

With a copy (which shall not constitute notice) to:

K&L Gates LLP
Hearst Tower
214 North Tryon Street, 47th Floor
Charlotte, NC 28202
Attention: Kevin Stichter
Email: kevin.stichter@klgates.com

(b) If to Sellers' Representative or the Seller Parties or any Seller Party:

APS Holding Company, Inc.
c/o Automated Packaging Systems, Inc.
10175 Philipp Pkwy.
Streetsboro, Ohio 44241-4706
Attention: Clifford A. Brehm
Email: cliff.brehm@autobag.com

With a copy (which shall not constitute notice) to:

Calfee, Halter & Griswold LLP
The Calfee Building
1405 East Sixth Street
Cleveland, Ohio 44114
Attention: Stephen P. Kresnye
E-Mail: skresnye@calfee.com

and to:

Ballard Spahr LLP
2000 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 55402-2119
Attention: Robert J. Hartman
E-Mail: hartmanr@ballardspahr.com

(c) If to the Company (prior to the Closing):

Automated Packaging Systems, Inc.
10175 Philipp Pkwy.
Streetsboro, Ohio 44241-4706
Attention: Clifford A. Brehm
Email: cliff.brehm@autobag.com

With a copy (which shall not constitute notice) to:

Calfee, Halter & Griswold LLP
The Calfee Building
1405 East Sixth Street
Cleveland, Ohio 44114
Attention: Stephen P. Kresnye
E-Mail: skresnye@calfee.com

and to:

Ballard Spahr LLP
2000 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 55402-2119
Attention: Robert J. Hartman
E-Mail: hartmanr@ballardspahr.com

or in any case, to any other address for a party as to which notice is given to Buyer and Sellers' Representative in accordance with this Section 11.2. Notices so addressed will be deemed to have been duly given (i) on the first (1st) Business Day after the day of registration, if sent by registered or certified mail, postage prepaid, (ii) on the next Business Day following the documented acceptance thereof for next-day delivery by a national overnight air courier service, or (iii) on the date sent by electronic mail transmission, if electronically confirmed. Otherwise, notices will be deemed to have been given when actually received at the applicable address.

11.3 Entire Agreement. This Agreement, together with the Disclosure Letter and Exhibits hereto, and the Seller Ancillary Agreements, the Company Ancillary Agreements and the Buyer Ancillary Agreements, constitute the exclusive statement of the agreement among the Company, Buyer, each Seller Party and Sellers' Representative concerning the subject matter hereof, and supersede all other prior agreements, oral or written, among or between any of the parties hereto concerning that subject matter. All prior and contemporaneous negotiations among or between any of the parties hereto are superseded by this Agreement, and there are no representations, warranties, promises, understandings or agreements, oral or written, in relation to the subject matter hereof among or between any of the parties hereto other than those expressly set forth or expressly incorporated herein or in the Seller Ancillary Agreements, the Company Ancillary Agreements or the Buyer Ancillary Agreements, as applicable.

11.4 Modification. No amendment, modification or waiver of this Agreement or any provision hereof, including the provisions of this sentence, will be effective or enforceable unless made in a written instrument that specifically references this Agreement and that is signed by (i) in the case of an amendment or modification, Buyer, the Company and Sellers' Representative, or (ii) in the case of a waiver, the party waiving compliance.

11.5 Jurisdiction and Venue. Each party hereto agrees that any claim relating to this Agreement will be brought in the Court of Chancery of the State of Delaware, or to the extent such court does not have subject matter jurisdiction, any federal court sitting in the State of Delaware and the appellate courts thereof. All objections to personal jurisdiction and venue in any action, suit or proceeding so commenced are hereby expressly waived by all parties hereto. The parties waive personal service of any and all process on each of them and consent that all such service of process will be made in the manner, to the party and at the address set forth in Section 11.2 of this Agreement, and service so made will be complete as stated in Section 11.2. The Seller Parties expressly acknowledge the notice and service of process to Sellers' Representative for each of them in accordance with Section 11.2 and this Section 11.5. Notwithstanding the foregoing, any disputes between the parties that are submitted to the Independent Accountants for resolution pursuant to the terms of Section 2.4.3 will be resolved as set forth in accordance with the terms of Section 2.4.3. Each party hereto hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues, and therefore each party hereby irrevocably and unconditionally waives any right that party may have to a trial by jury in respect of any litigation directly or indirectly arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each party certifies and acknowledges that (a) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) such party understands and has considered the implications of this waiver, (c) such party makes this waiver voluntarily and (d) such party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 11.5.

11.6 Enforcement.

11.6.1 The parties hereto agree that irreparable damage would occur, and that the parties would not have any adequate remedy at law, in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties will be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement, without proof of actual damages or otherwise, in addition to any other remedy to which any party is entitled at law or in equity. Each party agrees to waive any requirement for the securing or posting of any bond in connection with that remedy. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, and not to assert that a remedy of monetary damages would provide an adequate remedy.

11.6.2 Without limiting the foregoing, if the Closing does not occur because of a breach by Buyer of its obligations under this Agreement, and all of the conditions set forth in Article 6 to Buyer's obligations have either been satisfied or previously waived (or would have been satisfied or are capable of being satisfied but for the breach of Buyer's obligations under this Agreement), then either Sellers' Representative or the Company will have the right to a court order specifically enforcing the provisions of this Agreement and to which the breach applies and, in any event, to specifically force the Closing to occur. If Sellers' Representative or the Company brings any action to enforce specifically the performance of the terms and provisions of this Agreement by Buyer, the Termination Date will automatically be extended by (i) the amount of time during which that action is pending, plus twenty (20) Business Days or (ii) any other time period established by the court presiding over that action.

11.6.3 Without limiting the foregoing, if the Closing does not occur because of a breach by any Seller Party or the Company of its obligations under this Agreement, and all of the conditions set forth in Article 6 to the Seller Parties' obligations have either been satisfied or previously waived (or would have been satisfied or are capable of being satisfied but for the breach of such Seller Party's or the Company's obligations under this Agreement), then Buyer will have the right to a court order specifically enforcing the provisions of this Agreement and to which the breach applies and, in any event, to specifically force the Closing to occur. If Buyer brings any action to enforce specifically the performance of the terms and provisions of this Agreement by the Seller Parties or the Company, the Termination Date will automatically be extended by (i) the amount of time during which that action is pending, plus twenty (20) Business Days or (ii) any other time period established by the court presiding over that action.

11.7 Binding Effect. This Agreement will be binding upon and will inure to the benefit of Buyer, the Company, Sellers' Representative, each Seller Party and their respective successors and permitted assigns.

11.8 Headings. The article and section headings used in this Agreement are intended solely for convenience of reference, do not themselves form a part of this Agreement, and may not be given effect in the interpretation or construction of this Agreement.

11.9 Number and Gender; Inclusion; Interpretation. Whenever the context requires in this Agreement, the masculine gender includes the feminine or neuter, the neuter gender includes

the masculine or feminine, the singular number includes the plural, and the plural number includes the singular. In every place where it is used in this Agreement, the word "including", "include" or "includes" is intended and will be construed to mean "including, without limitation." When a reference is made in this Agreement to an Article, Section or Exhibit, such reference will be to an Article or Section of, or an Exhibit to, this Agreement unless otherwise indicated. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" when used in this Agreement may have a disjunctive and not alternative meaning (i.e., where two items or qualities are separated by the word "or", the existence of one item or quality shall not be deemed to be exclusive of the existence of the other and, as the context may require, the word "or" may be deemed to include the word "and"). Any agreement, instrument or statute defined or referred to herein, or in any agreement or instrument that is referred to herein, means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Unless expressly provided otherwise, the measure of a period of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; provided, that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date. For example, one month following February 18 is March 18, and one month following March 31 is May 1. All references to "dollars" or "$" herein are references to U.S. Dollars. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the applicable time period shall automatically be extended to the Business Day immediately following such day.

11.10 Counterparts. This Agreement and each document delivered pursuant to this Agreement may be executed by the parties in separate counterparts and by facsimile or by electronic mail with scan or attachment signature, each of which when so executed and delivered will be deemed an original, and all counterparts will together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof or thereof each signed by less than all, but together signed by all of the parties. A facsimile, electronic or other copy of a signature will be deemed an original for purposes of this Agreement.

11.11 Third Parties. Except as may otherwise be expressly stated herein, no provision of this Agreement is intended or will be construed to confer on any Person, other than the parties hereto and their respective successors and permitted assigns, any rights hereunder.

11.12 Disclosure Letter and Exhibits. The Disclosure Letter and Exhibits, if any, referenced in this Agreement constitute an integral part of this Agreement as if fully rewritten herein. Any information disclosed in one section of the Disclosure Letter will be deemed to be disclosed in other sections of the Disclosure Letter and applicable to other representations and warranties to the extent that the disclosure is reasonably apparent from a reading of the disclosure item to be applicable to any other section or subsection of the Disclosure Letter and any other representations and warranties. The Disclosure Letter may include items and information that are not "material" relative to the entire business of the Acquired Companies,

taken as a whole, and that inclusion will not be deemed to be an acknowledgment or agreement that any such item or information (or any non-disclosed item or information of comparable or greater significance) is "material" or to further define the meaning of that term for purposes of this Agreement or otherwise.

11.13 Construction. This Agreement and the other documents contemplated herein will be deemed to have been drafted by the parties, and neither this Agreement nor any other document contemplated herein will be construed against any party as the principal draftsperson hereof or thereof. For purposes of Articles 3 and 4 (including, for the purposes of Articles 3 and 4 only, any definitions used in Articles 3 and 4), (a) reference to any legislation, legal term or concept in respect of any state or federal jurisdiction shall, in respect of any other applicable jurisdiction, be construed as reference to the legislation, legal term or concept which most closely corresponds to it in that other jurisdiction and (b) any amount expressed in US dollars shall, to the extent required to be expressed in any other currency in order to give full effect to the applicable provision of this Agreement, be deemed for that purpose to have been converted into the relevant currency immediately before the close of business on the date of this Agreement (or, if that is not a Business Day, the Business Day immediately such date).

11.14 Governing Law. This Agreement and the performance of the transaction and obligations of the parties hereunder will be governed by and construed in accordance with the Laws of the State of Delaware, without regard to the choice-of-laws or conflict-of-laws provisions thereof.

11.15 Non-Recourse. This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby may only be brought against, the Persons that are expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to that party. Except to the extent a named party to this Agreement (and then only to the extent of the specific obligations undertaken by that named party in this Agreement and not otherwise), no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate or agent, attorney, advisor or representative of any such Person or any of its Affiliates will have any liability (whether in contract, tort, equity or otherwise) for any one or more of the representations, warranties, covenants, agreements or other obligations or liabilities of any one or more of the Company or Buyer under this Agreement of or for any claim (regardless of the legal theory under which that claim is made, whether sounding in contract or tort, or whether at law or in equity, or otherwise) based on, arising out of, or related to this Agreement or the transactions contemplated hereby. Notwithstanding anything to the contrary in this Section 11.15, nothing in this Section 11.15 shall be deemed to limit the right to bring a claim in respect of Fraud.

11.16 No Assignments. No assignment or transfer (including by way of operation of law or a change in ownership of fifty percent (50%) or more of the voting power of Buyer) of all or any part of this Agreement or any right or obligation hereunder may be made by any party without the prior written consent of all other parties, and any attempted assignment or transfer without this consent is void and of no force or effect; except that (a) Buyer may assign any of its rights or delegate any of its duties under this Agreement to any controlled Affiliate of Buyer, but

no such assignment will relieve Buyer of its obligations hereunder and (b) Buyer may assign its rights, but not its obligations, under this Agreement to any of its financing sources.

*[signature pages follow]*

IN WITNESS WHEREOF, Buyer, the Company, the Seller Parties and Sellers' Representative and have executed and delivered this Equity Purchase Agreement, or have caused this Equity Purchase Agreement to be executed and delivered by their duly authorized representatives, as of the date first written above.

**BUYER**:

**SEALED AIR CORPORATION**

| | |
|---|---|
| By: | /S/ William G. Stiehl |
| Name: | William G. Stiehl |
| Its: | Senior Vice President and Chief Financial Officer |

**COMPANY**:

**AUTOMATED PACKAGING SYSTEMS, INC.**

By: /S/ Cliff A. Brehm
Name: Cliff A. Brehm
Its: President

**SELLER**:

**APS HOLDING COMPANY, INC.**

By: /S/ David E. Goessler
Name: David E. Goessler
Its: Treasurer

**STOCKHOLDERS**:

**BERNARD LERNER, TRUSTEE UNDER THE BERNARD LERNER TRUST AGREEMENT DATED JANUARY 11, 1979, AS MODIFIED**

By: /S/ Bernard Lerner
Bernard Lerner, Trustee

**ROY A. KRALL, TRUSTEE, CARON-TATIANA LERNER IRREVOCABLE TRUST (GRAT) OF 2018, DATED NOVEMBER 7, 2018**

By: /S/ Roy A. Krall
Roy A. Krall, Trustee

**ROY A. KRALL, TRUSTEE, HERSHEY LERNER IRREVOCABLE TRUST (GRAT) OF 2018, DATED NOVEMBER 7, 2018**

By: /S/ Roy A. Krall
Roy A. Krall, Trustee

**MATTHEW A. LERNER, TRUSTEE UNDER THE MATTHEW A. LERNER DECLARATION OF TRUST DATED JANUARY 30, 2014**

By: /S/ Matthew A. Lerner
Matthew A. Lerner, Trustee

**DARYL D. MANZETTI, TRUSTEE OF THE BERNARD LERNER IRREVOCABLE TRUST FOR THE BENEFIT OF MATTHEW LERNER DATED JULY 28, 2011**

By: /S/ Daryl D. Manzetti
Daryl D. Manzetti, Trustee

**DARYL D. MANZETTI, TRUSTEE OF THE BERNARD LERNER IRREVOCABLE TRUST FOR THE BENEFIT OF PAULA M. LERNER DATED JULY 28, 2011**

By: /S/ Daryl D. Manzetti
Daryl D. Manzetti, Trustee

**MATTHEW LERNER, TRUSTEE U/T/A WITH BERNARD LERNER DATED DECEMBER 19, 1997, FBO JESSICA LERNER**

By: /S/ Matthew A. Lerner
Matthew A. Lerner, Trustee

**MATTHEW LERNER, TRUSTEE U/T/A WITH BERNARD LERNER DATED DECEMBER 19, 1997, FBO DAVID LERNER**

By: /S/ Matthew A. Lerner
Matthew A. Lerner, Trustee

**THOMAS DUNLAP, TRUSTEE U/T/A WITH BERNARD LERNER DATED DECEMBER 19, 1997, FBO ELIANA DUNLAP**

By: /S/ Thomas Dunlap
Thomas Dunlap, Trustee

**THOMAS DUNLAP, TRUSTEE U/T/A WITH BERNARD LERNER DATED DECEMBER 19, 1997, FBO MAIA DUNLAP**

By: /S/ Thomas Dunlap
Thomas Dunlap, Trustee

**DARYL D. MANZETTI, TRUSTEE UNDER THE DARYL D. MANZETTI DECLARATION OF TRUST DATED SEPTEMBER 2, 2011**

By: /S/ Daryl D. Manzetti
Daryl D. Manzetti, Trustee

**CLIFFORD A. BREHM, TRUSTEE UNDER THE CLIFFORD A. BREHM DECLARATION OF TRUST DATED APRIL 19, 2012**

By: /S/ Clifford A. Brehm
Clifford A. Brehm, Trustee

**ALERUS FINANCIAL, N.A., SOLELY IN ITS CAPACITY AS TRUSTEE FOR THE AUTOMATED PACKAGING SYSTEMS, INC. EMPLOYEES' STOCK OWNERSHIP TRUST AND PLAN**

By: /S/ Nels Carlson
Name: Nels Carlson
Its: Managing Director

/S/ Thomas J. Dunlap
Thomas J. Dunlap

/S/ Jessica Lerner
Jessica Lerner

/S/ David Lerner
David Lerner

/S/ Maia Dunlap
Maia Dunlap

/S/ Eliana Dunlap
Eliana Dunlap

**SELLERS' REPRESENTATIVE**:
**APS HOLDING COMPANY, INC.**

By: /S/ David E. Goessler
Name: David E. Goessler
Its: Treasurer

**Exhibit 31.1**

**CERTIFICATIONS**

I, Edward L. Doheny II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sealed Air Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ EDWARD L. DOHENY II

Edward L. Doheny II

President and Chief Executive Officer

Date: August 2, 2019

**Exhibit 31.2**

**CERTIFICATIONS**

I, James M. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sealed Air Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JAMES M. SULLIVAN

James M. Sullivan
Chief Financial Officer

Date: August 2, 2019

**Exhibit 32**

**Certification of CEO and CFO Pursuant to**
**18 U.S.C. Section 1350,**
**as Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Sealed Air Corporation (the "Company") for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Edward L. Doheny II, as President and Chief Executive Officer of the Company, and James M. Sullivan, as Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his/her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /S/ EDWARD L. DOHENY II

Edward L. Doheny II
President and Chief Executive Officer

Date: August 2, 2019

By: /S/ JAMES M. SULLIVAN

James M. Sullivan
Chief Financial Officer

Date: August 2, 2019