

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 27, 2005**

SEALED AIR CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other
Jurisdiction of Incorporation)

1-12139

(Commission File Number)

65-0654331

(IRS Employer
Identification No.)

Park 80 East

Saddle Brook, New Jersey
(Address of Principal Executive Offices)

07663-5291

(Zip Code)

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

Not Applicable

(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2005, Sealed Air Corporation (the "Company") issued a press release announcing the Company's financial results for the quarter ended March 31, 2005. The press release is attached hereto as Exhibit 99 and is incorporated herein by reference.

The information included in this item, including Exhibit 99, is hereby furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99 Press Release of the Company, dated April 27, 2005, announcing its financial results for the quarter ended March 31, 2005.

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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, hereunto duly authorized.

SEALED AIR CORPORATION
(Registrant)

By: /s/ Mary A. Coventry

Dated: April 27, 2005

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99 | Press Release of the Company, dated April 27, 2005, announcing its financial results for the quarter ended March 31, 2005. |



Sealed Air Corporation
Park 80 East
Saddle Brook, NJ 07663-5291

for release:

Contact: Eric D. Burrell
201-791-7600

April 27, 2005

SEALED AIR REPORTS FIRST QUARTER 2005 RESULTS

Achieves 6% Increase in Sales

SADDLE BROOK, N.J., Wednesday, April 27, 2005 – Sealed Air Corporation (NYSE:SEE) reported diluted earnings per common share of \$0.58 for the first quarter of 2005, which includes restructuring charges of \$0.01 per share. Diluted earnings per common share were \$0.62 in the first quarter of 2004. Sealed Air's net sales for the quarter increased 6% to \$969.8 million, compared with \$913.1 million in 2004.

Commenting on the Company's operating performance, William V. Hickey, President and Chief Executive Officer, stated:

"Our first quarter was challenging due to record high costs for certain petrochemical-based raw materials and slow growth in our European businesses. Recent sales price increases and continued productivity improvements offset much of the cumulative impact of a difficult raw material cost environment. We achieved balanced sales growth in both our food packaging and protective packaging segments during the quarter. We also maintained tight control of operating expenses and realized the benefits of reduced interest expense resulting from the retirement of approximately \$200 million in debt during the fourth quarter of 2004."

Commenting on the Company's outlook, Mr. Hickey stated:

"Given the current level of uncertainty over the future direction of raw material costs, a longer than expected delay in the improvement of U.S. beef market conditions and concern regarding the continued strength of the global economy, we are now expecting to grow our diluted earnings per common share by approximately 5% in 2005 compared with adjusted earnings of \$2.70 in 2004 (\$2.25 in accordance with U.S. GAAP). As such, we now expect our 2005 diluted earnings per common share to range from \$2.80 to \$2.90, compared with our previously guided range of \$2.95 to \$3.05. While we are being cautious in our outlook for the remainder of the year with respect to raw material costs and the U.S. beef market, we expect to see improved operating performance in the second half of the year as we begin to realize savings from our profit improvement initiatives introduced during the fourth quarter of 2004. In addition, we expect our previously announced price increases to further mitigate the higher raw material costs during the rest of the year. We also expect to start realizing measurable benefits from our supply chain enhancement efforts. We remain optimistic about the long-term prospects of our business as we continue to develop innovative packaging solutions that deliver incremental value to our customers around the world."

Financial Highlights for the First Quarter

- Net sales increased 6% to \$969.8 million compared with \$913.1 million for the first quarter of 2004. The increase in net sales resulted primarily from a \$24 million favorable change in product price/mix combined with a \$24 million favorable effect of foreign currency translation. Excluding the positive effect of foreign currency translation, net sales would have increased 4%.
- Gross profit was \$277.5 million, or 28.6% of net sales, compared with \$286.1 million, or 31.3% of net sales, for the first quarter of 2004. The decline in gross profit as a percentage of net sales was due to petrochemical-related raw material cost increases that were offset in part by selling price increases.
- Marketing, administrative and development expenses remained essentially flat at \$159.3 million compared with \$158.7 million for the first quarter of 2004, reflecting the Company's control of expenses. As a percentage of net sales, these expenses declined to 16.4% for the quarter compared with 17.4% in 2004.
- The Company incurred restructuring charges of \$1.0 million for additional costs relating to its global profit improvement initiatives announced in the fourth quarter of 2004. The Company had recorded a charge of \$33 million in the fourth quarter for the cost of these projects to improve the Company's operating efficiencies and cost structure.
- Operating profit was \$117.2 million, or 12.1% of net sales, compared with \$127.4 million, or 14.0% of net sales, in the first quarter of 2004. The reduction in operating profit as a percentage of net sales reflects the reduction in gross profit.
- Interest expense declined to \$36.8 million compared with \$38.7 million in the first quarter of 2004 primarily resulting from the redemption of the entire outstanding principal amount, \$177.5 million, of the Company's 8.75% senior notes due July 2008 and the repurchase of \$22.7 million face amount of its 6.95% senior notes due May 2009, both completed in the fourth quarter of 2004, partially offset by a reduction in the favorable impact of interest rate swaps.
- The Company's effective income tax rate was 33.3% compared with 36.0% in the first quarter of 2004. This decrease is primarily due to improved tax efficiencies resulting from reorganization of certain of the Company's international subsidiaries in 2004.
- The Company's capital expenditures were \$20.6 million compared with \$27.4 million in the first quarter of 2004. The Company now expects that capital expenditures in 2005 will range from \$100 to \$125 million compared with its previous guidance of \$125 to \$150 million.

Business Segment Review

Food Packaging Segment

The Company's food packaging segment net sales for the first quarter increased 6% to \$594.9 million compared with \$562.9 million last year. The key growth programs of Case Ready and Vertical Pouch Packaging exhibited double-digit growth during the quarter. The food

packaging segment also experienced continued strength in Asia Pacific and Latin America, while Europe remained flat. Excluding the \$16 million positive effect of foreign currency translation, segment net sales would have increased 3%. Operating profit for the first quarter was \$75.9 million, or 12.8% of net sales, compared with \$75.6 million, or 13.4% of net sales, in 2004. The decline in operating profit as a percentage of sales was due to significant increases in raw material costs offset partially by increases in selling prices.

Protective Packaging Segment

The Company's protective packaging segment net sales for the first quarter increased 7% to \$374.9 million compared with \$350.2 million last year. A positive change in product price/mix of 3% helped drive top-line growth. Volumes were mixed, with an increase in North America offset by a decline in Europe. Excluding the \$8 million positive effect of foreign currency translation, segment net sales would have increased 5%. Operating profit for the first quarter decreased to \$42.5 million, or 11.3% of net sales, compared with \$52.0 million, or 14.8% of net sales, in 2004. The decline in operating profit was due to significant increases in raw material costs that were partially offset by selling price increases.

Web Site and Conference Call Information

Mr. Hickey and David H. Kelsey, the Company's Chief Financial Officer, will conduct an investor conference call today at 10:00 a.m. (ET). The conference call will be webcast live on Sealed Air's web site at www.sealedair.com in the Investor Information section under the Presentations & Events tab. Listeners should go to the web site prior to the call to register, and to download and install any necessary audio software. Prior to the call, the Company will also post supplemental financial and statistical information on its web site in the Investor Information section under the Reports & Filings tab. A replay of the webcast will also be available on the Company's web site.

Investors who cannot access the webcast may listen to the live conference call via telephone by dialing (800) 822-4794 (domestic) or (913) 981-4912 (international). Telephonic replay will be available beginning today at 1:00 p.m. (ET) and ending on Tuesday, May 3, 2005 at 12:00 midnight (ET). To listen to the replay, please dial (888) 203-1112 (domestic) or (719) 457-0820 (international) and use the confirmation code 7824372.

Business

Sealed Air is a leading global manufacturer of a wide range of food and protective packaging materials and systems including such widely recognized brands as Bubble Wrap® cushioning, Jiffy® protective mailers and Cryovac® food packaging products. For more information about Sealed Air, please visit the Company's web site at www.sealedair.com.

Non-GAAP Information

The Company's management from time to time presents information that is not in conformance with U.S. generally accepted accounting principles (GAAP). Diluted earnings per common share adjusted for special charges and changes in net sales excluding the effects of foreign currency translation are among the indicators used by the Company's management to measure the performance of the Company's operations, and thus the Company's management believes such information may be useful to investors. For a reconciliation of adjusted diluted

earnings per common share for the year ended December 31, 2004, see the supplementary information provided in this release.

Forward-Looking Statements

Some of the statements made by the Company in this press release are forward-looking. These statements include comments as to future events and trends affecting the Company's business, which are based upon management's current expectations and are necessarily subject to risks and uncertainties, many of which are outside the control of the Company. Forward-looking statements can be identified by such words as "anticipates," "estimates," "expects," "intends," "plans," "will" and similar expressions. Actual results may differ materially from these expectations due to a number of factors, such as changes in raw material and energy costs, the effects of animal and food-related health issues, import restrictions, factors affecting customers, economic, political, business and market conditions, tax, interest and exchange rates, the success of new products, restructuring charges, the application of new accounting pronouncements, and legal proceedings. A more extensive list and description of these factors can be found under the heading "Forward-Looking Statements" in Management's Discussion and Analysis of Results of Operations and Financial Condition, which appears in the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q and in the Company's other publicly-available filings with the Securities and Exchange Commission.

| | Quarter Ended March 31 | | % Increase (Decrease) |
|---|------------------------|----------|--------------------------|
| | 2005 (1) | 2004 (1) | |
| Net sales by business segment: | | | |
| Food packaging | \$ 594.9 | \$ 562.9 | 6 |
| Protective packaging | 374.9 | 350.2 | 7 |
| Total net sales | 969.8 | 913.1 | 6 |
| Cost of sales | 692.3 | 627.0 | 10 |
| Gross profit | 277.5 | 286.1 | (3) |
| Marketing, administrative and development expenses | 159.3 | 158.7 | — |
| Restructuring charges (2) | 1.0 | — | — |
| Operating profit | 117.2 | 127.4 | (8) |
| Interest expense | (36.8) | (38.7) | (5) |
| Other income, net | 3.2 | 5.3 | (40) |
| Earnings before income taxes | 83.6 | 94.0 | (11) |
| Income taxes | 27.8 | 33.8 | (18) |
| Net earnings | \$ 55.8 | \$ 60.2 | (7) |
| Basic earnings per common share (3) | \$ 0.67 | \$ 0.71 | |
| Diluted earnings per common share (3) | \$ 0.58 | \$ 0.62 | |
| Weighted average number of common shares outstanding: | | | |
| Basic | 83.66 | 85.06 | |
| Diluted | 98.85 | 100.26 | |

(1) For the quarter ended March 31, 2005, the amortization of certain capitalized senior debt issuance costs was included in interest expense. For the quarter ended March 31, 2004, this amortization expense was included in administrative expenses. The results for the 2004 period have been adjusted to conform to the 2005 presentation.

(2) In the first quarter of 2005, the Company incurred restructuring charges for additional costs relating to its global profit improvement initiatives announced in the fourth quarter of 2004. The Company had recorded a charge of \$33 million in the fourth quarter for the cost of these projects to improve the Company's operating efficiencies and cost structure.

(3) See the Supplementary Information included in this release for the calculation of basic and diluted earnings per common share.

SEALED AIR CORPORATION AND SUBSIDIARIES
Supplementary Information
Results for the quarters ended March 31
(Unaudited)
(In millions, except per share data)
CALCULATION OF EARNINGS PER COMMON SHARE

| | Quarter Ended March 31 | |
|--|------------------------|----------|
| | 2005 | 2004 |
| Basic EPS: | | |
| Numerator | | |
| Net earnings ascribed to common shareholders - basic | \$ 55.82 | \$ 60.17 |
| Denominator | | |
| Weighted average number of common shares outstanding - basic | 83.66 | 85.06 |
| Basic earnings per common share | \$ 0.67 | \$ 0.71 |
| Diluted EPS: | | |
| Numerator | | |
| Net earnings ascribed to common shareholders - basic | \$ 55.82 | \$ 60.17 |

| | | |
|---|-----------------|-----------------|
| Add: Interest on 3% convertible senior notes, net of income taxes (1) | 1.95 | 1.95 |
| Net earnings ascribed to common shareholders - diluted | <u>\$ 57.77</u> | <u>\$ 62.12</u> |
| Denominator | | |
| Weighted average number of common shares outstanding - basic | 83.66 | 85.06 |
| Effect of conversion of 3% convertible senior notes (1) | 6.16 | 6.16 |
| Effect of assumed issuance of asbestos settlement shares | 9.00 | 9.00 |
| Effect of assumed exercise of options | <u>0.03</u> | <u>0.04</u> |
| Weighted average number of common shares outstanding - diluted (2) | <u>98.85</u> | <u>100.26</u> |
| Diluted earnings per common share | <u>\$ 0.58</u> | <u>\$ 0.62</u> |

(1) The Company has retroactively applied the Emerging Issues Task Force, known as the EITF, Issue No. 04-08, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share," which requires that the dilutive effect of contingent convertible debt, such as the Company's 3% convertible senior notes due June 2033, be included in dilutive earnings per common share regardless of whether the contingency permitting holders to convert the debt into shares has been satisfied.

(2) In calculating diluted earnings per common share, the weighted average number of common shares for the quarters ended March 31, 2005 and 2004 provides for the conversion of the Company's 3% convertible senior notes due June 2033 upon application of EITF Issue No. 04-08, the assumed issuance of nine million shares of common stock reserved for the Company's previously announced asbestos settlement, which is discussed in the Company's annual report on Form 10-K for the year ended December 31, 2004, and the exercise of dilutive stock options, net of assumed treasury stock repurchases.

SEALED AIR CORPORATION AND SUBSIDIARIES
Supplementary Information
Results for the year ended December 31, 2004
(Unaudited)
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER COMMON SHARE (1)

| | <u>2004</u> |
|--|-----------------------|
| Reported U.S. GAAP diluted earnings per common share | \$ 2.25 |
| Earnings effect resulting from the following: | |
| (a) Restructuring and other charges, net of income taxes | 0.26 |
| (b) Debt redemption and repurchases, net of income taxes | <u>0.19</u> |
| Diluted earnings per common share excluding restructuring and other charges and debt redemption and repurchases (special charges) | \$ <u>2.70</u> |

(1) The Company's management believes that presenting diluted earnings per common share excluding the effects of the items listed above reflects the Company's operating performance on a basis consistent with the Company's most recent earnings guidance. The diluted earnings per common share for the full year excluding the items highlighted above is among the criteria upon which performance-based compensation may be based.

SEALED AIR CORPORATION AND SUBSIDIARIES
Supplementary Information
Results for the quarters ended March 31
(Unaudited)
(In millions)
BUSINESS SEGMENT INFORMATION AND CAPITAL EXPENDITURES (3)

BUSINESS SEGMENT INFORMATION:

| | <u>Quarter Ended March 31,</u> | |
|---|--------------------------------|-----------------|
| | <u>2005 (1)</u> | <u>2004 (1)</u> |
| Operating profit | | |
| Food Packaging | \$ 75.9 | \$ 75.6 |
| <i>As a % of food packaging net sales</i> | <i>12.8%</i> | <i>13.4%</i> |
| Protective Packaging | 42.5 | 52.0 |

| | | |
|---|-----------------|-----------------|
| <i>As a % of protective packaging net sales</i> | <u>11.3%</u> | <u>14.8%</u> |
| Total segments | 118.4 | 127.6 |
| Restructuring charges (2) | (1.0) | — |
| Unallocated corporate operating expenses | <u>(0.2)</u> | <u>(0.2)</u> |
| Total | <u>\$ 117.2</u> | <u>\$ 127.4</u> |

As a % of total net sales 12.1% 14.0%

Depreciation and amortization

| | | |
|----------------------|----------------|----------------|
| Food Packaging | \$ 29.2 | \$ 29.1 |
| Protective Packaging | 15.0 | 15.6 |
| Total | <u>\$ 44.2</u> | <u>\$ 44.7</u> |

(1) For the quarter ended March 31, 2005, the amortization of certain capitalized senior debt issuance costs was included in interest expense. For the quarter ended March 31, 2004, this amortization expense was included in administrative expenses. The results for the 2004 period have been adjusted to conform to the 2005 presentation.

(2) The quarter ended March 31, 2005 includes a \$0.4 charge related to Food Packaging and a \$0.6 charge related to Protective Packaging.

CAPITAL EXPENDITURES:

| | |
|--------------------------------------|-----------------|
| For the quarter ended March 31, 2005 | <u>\$ 20.6</u> |
| For the quarter ended March 31, 2004 | <u>\$ 27.4</u> |
| For the year ended December 31, 2004 | <u>\$ 102.7</u> |

(3) The amounts shown are subject to change prior to the filing of the Company's upcoming quarterly report on Form 10-Q. Any changes not deemed to be material will be reflected in the Form 10-Q. Any changes deemed to be material will be promptly disclosed.

SEALED AIR CORPORATION AND SUBSIDIARIES
Supplementary Information
March 31, 2005 and December 31, 2004
(Unaudited)
(In millions)
CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>March 31, 2005 (1)</u> | <u>December 31, 2004</u> |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 377.7 | \$ 358.0 |
| Short-term investments — available-for-sale securities | 37.0 | 54.1 |
| Notes and accounts receivable, net of allowances for doubtful accounts | 634.2 | 662.5 |
| Inventories | 453.6 | 417.9 |
| Other current assets | <u>117.3</u> | <u>118.7</u> |
| Total current assets | 1,619.8 | 1,611.2 |
| Property and equipment: | | |
| Land and improvements | 34.2 | 35.5 |
| Buildings | 518.1 | 524.9 |
| Machinery and equipment | 1,940.7 | 1,969.6 |
| Other property and equipment | 132.8 | 137.0 |
| Construction-in-progress | <u>53.1</u> | <u>46.5</u> |
| | 2,678.9 | 2,713.5 |
| Less accumulated depreciation and amortization | <u>1,706.4</u> | <u>1,704.9</u> |
| Property and equipment, net | 972.5 | 1,008.6 |

| | | |
|---------------------|-------------------|-------------------|
| Goodwill | 1,949.1 | 1,953.4 |
| Other assets | 278.7 | 281.8 |
| Total Assets | \$ 4,820.1 | \$ 4,855.0 |

(1) The amounts shown are subject to change prior to the filing of the Company's upcoming quarterly report on Form 10-Q. Any changes not deemed to be material will be reflected in the Form 10-Q. Any changes deemed to be material will be promptly disclosed.

SEALED AIR CORPORATION AND SUBSIDIARIES
Supplementary Information
March 31, 2005 and December 31, 2004
(Unaudited)
(In millions)
CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>March 31, 2005 (1)</u> | <u>December 31, 2004</u> |
|---|-------------------------------|------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term borrowings | \$ 24.4 | \$ 19.8 |
| Current portion of long-term debt | 3.7 | 3.8 |
| Accounts payable | 239.5 | 248.5 |
| Asbestos settlement liability | 512.5 | 512.5 |
| Other current liabilities | 389.7 | 434.9 |
| Income taxes payable | 85.7 | 84.3 |
| Total current liabilities | 1,255.5 | 1,303.8 |
| Long-term debt, less current portion | 2,072.7 | 2,088.0 |
| Deferred income taxes | 25.0 | 26.9 |
| Other liabilities | 107.7 | 102.8 |
| Total Liabilities | 3,460.9 | 3,521.5 |
| Total Shareholders' Equity | 1,359.2 | 1,333.5 |
| Total Liabilities and Shareholders' Equity | \$ 4,820.1 | \$ 4,855.0 |

(1) The amounts shown are subject to change prior to the filing of the Company's upcoming quarterly report on Form 10-Q. Any changes not deemed to be material will be reflected in the Form 10-Q. Any changes deemed to be material will be promptly disclosed.